DOCUMENT RESUME

ED 470 806 UD 035 341

AUTHOR	Herdman, Paul A.
TITLE	Understanding the Basic Bargain: A Study of Charter School Accountability in Massachusetts and Texas.
INSTITUTION	New American Schools Development Corp.
PUB DATE	2002-04-04
NOTE	169p.; Paper presented at the Annual Meeting of the American Educational Research Association (New Orleans, LA, April 1-5, 2002).
AVAILABLE FROM	New American Schools, Education Performance Network, 675 N. Washington St., Suite 220, Alexandria, VA 22314. Tel: 703-647-1657; Fax: 703-647-1700; e-mail: info@nasdc.org; Web site: http://www.nasdc.org.
PUB TYPE	Reports - Descriptive (141) -- Speeches/Meeting Papers (150)
EDRS PRICE	EDRS Price MF01/PC07 Plus Postage.
DESCRIPTORS	*Accountability; *Charter Schools; *Educational Policy; Elementary Secondary Education; Government School Relationship; Politics of Education; *School Based Management; State Government; Urban Schools
IDENTIFIERS	Massachusetts; Texas

ABSTRACT

This paper examines the balance between autonomy and accountability in education from the perspective of Massachusetts and Texas charter schools and their state authorizers. By analyzing national survey data, interviews with key policymakers, and case studies of six low, medium, and high performing schools, the paper examines the organizational needs of charter schools and how government oversight policies address or mitigate those needs. The paper draws lessons from the charter school governance model and applies them to the efforts of districts moving toward more decentralized governance systems such as charter districts. It builds on Hassel's 1999 work, "The Charter School Challenge," which highlights three strategies in which charter schools might achieve systemic reform (the laboratory, competition, and replacement theses). This paper notes a fourth thesis, the governance thesis, which hypothesizes that the primary benefit of charter schools is in changing the basic district structure so that schools have the opportunity to control their fiscal and human resources while the central government holds them accountable for performance. (Contains 123 references.) (SM)

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Understanding the Basic Bargain

A Study of Charter School Accountability in Massachusetts and Texas

Submitted by Paul A. Herdman, Harvard University and New American Schools for AERA 2002 Annual Meeting, New Orleans, Louisiana

April 4, 2002

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EXECUTIVE SUMMARY

In a time when states and districts are pushing for more accountability in exchange for increased local control, charter schools serve as a helpful case study in examining the appropriate role of government in public schooling. This paper looks at the *basic bargain* of autonomy for accountability from the bottom-up and the top-down – from the perspective of charter schools and their respective state authorizers in Massachusetts and Texas. Through an analysis of national survey data, interviews of key policymakers in Massachusetts and Texas, and in-depth case studies of six schools (a low, medium, and high performing school in each state), I examine the organizational needs of charter schools and how government oversight policies serve to address or mitigate those needs. The larger purpose of this work is to draw the lessons from the charter school governance model and apply them to the efforts of districts moving toward more decentralized governance systems such as charter districts.

The Governance Thesis

My work builds on Bryan Hassel's work, *The Charter School Challenge* (1999), in which he postulated that there were three overarching strategies in which charter schools might lead to systemic reform:

1) the *laboratory* thesis that suggests charter schools, freed from bureaucratic constraints, will develop innovative approaches to education and by sharing those ideas, will improve the system at large.
2) the *competition* thesis which posits that districts will offer improved services in order to avoid the financial losses associated with students leaving the system.
3) the *replacement* thesis that states that the district structure will become so calcified and inefficient that it will collapse under its own weight and that all schools will eventually become charter schools.

I suggest that there is a fourth thesis, what I call the *governance* thesis, which hypothesizes that the primary benefit of charter schools will be in changing the basic district structure so that schools are given the opportunity to control their fiscal and

ACKNOWLEDGEMENTS

My students and colleagues at George Washington High School inspired this work. It was the power of my experience there from 1988-92 that kindled a deeply held belief in me that public schools must and could change.

Colleagues at the Massachusetts Department of Education and the Texas Education Agency as well as the charter school leaders, teachers, parents and board members across these two states gave me an education in the passion and the politics necessary to translate words into schools. I have a deep respect for the work they do and I hope I did justice to their stories.

To those who reviewed earlier iterations of this work – Bryan Hassel of Public Impact, Margaret Lin of the National Charter School Authorizers Association, Marry Perry of the Texas Education Agency, Rebecca Holmes of the Massachusetts Department of Education, and Michael Weinberg of the Boston Public Schools – thank you for your insights. Paul Hill and my colleagues at the Center on Reinventing Public Education, thank you for giving me an opportunity to examine education systems and charter schools across the nation. To my ad hoc committee members at the Harvard Graduate School of Education – Kay Merseth, Richard Elmore, and Richard Murnane – thank you for your guidance and your careful critiques. Dody Riggs and Morey Barnes, thank you for your copyediting.

Despite all the help and insights, any errors are mine alone.

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human resources while the central government holds them accountable for performance. What can policymakers learn from the charter school movement in Massachusetts and Texas thus far?

Autonomy: Key Findings

A primary lesson is that *autonomy* is a powerful opportunity that comes with significant responsibilities. School-level decision-making was essential in inspiring and enabling the educational entrepreneurs in my sample to create exciting schools. However, this independence came with the reality of finding and funding a facility as well as managing the elaborate administrative and governance demands of running a public start-up organization. As a result, in some cases, the responsibilities associated with high levels of autonomy threatened to impinge on the core functions of schooling -- teaching and learning -- if the schools did not have the internal capacity to manage their new found freedoms. Therefore, my work suggests that the benefits of autonomy should be considered in light of a school's capacity (or the authorizer's ability to build that school's capacity) to manage this new level of responsibility. That is, I found that increased autonomy was not always beneficial to improving school performance -- autonomy may have enabled excellent schools to thrive, but it did not ensure it.

Accountability: Key Findings

On the *accountability* side of the ledger, charter school initiatives have made strides in redefining the culture of public school accountability and they have engaged in the political process of defining accountability. However, several challenges still lie ahead. Building on the analytic frame of Hill and Celio (1998), I examine three critical tradeoffs chartering authorities must confront: a) how to provide the flexibility or *opportunity* that schools need to excel without neglecting the responsibilities incumbent upon a public agent; b) how to provide the necessary support or *capacity* to failing schools with limited funds; and c) how to create *incentive* systems that inspire increased performance without unduly limiting the autonomy upon which these schools are founded.

In light of this framework, I found that:

1) Charter school authorizers in Massachusetts and Texas were providing a significant amount of *opportunity* or autonomy to the schools within their purview, but I also found that some schools saw that level of freedom diminishing over time as government reassumed control.
2) The facility, start-up, and administrative costs of creating an independent public school generally seemed to exceed the *capacity* available at the school level or the level of support available through the state authorizer.
3) Incentives should be built on a mix of comparable and customized measures. That is, the state testing systems in these two states provided valuable and reliable data to external stakeholders and encouraged the lowest performers to improve. However, the customized site visit process, when done well, was able to inspire schools at all performance levels – low, medium and high – to improve.

This thesis provides a window into the basic bargain of autonomy for accountability that has been struck between Massachusetts and Texas charter schools and their respective authorizers. In so doing, it offers lessons for U.S. policymakers interested in moving toward more decentralized systems of public education.

Chapter 1: Introduction

> *Not only will [accountability] make or break the charter "movement" itself, it will also be the primary source of evidence as to whether that movement is making a valuable contribution to the improved education of American children…or is another half-tried reform fad that sinks into the sand like so many others. (Manno, Finn, Bierlein, & Vanourek 1997, p. 14)*

OVERVIEW

"Autonomy for accountability" -- that is the *basic bargain* that is echoing in the halls of state houses and school district offices across the United States. For example, Superintendent Thomas W. Payzant's vision for the Boston Public Schools was built on this bargain. He wrote,

> Challenging expectations for all students and employees should be established and results monitored centrally, but individual schools should be given flexibility through shared decision-making to determine how best to use their resources to meet district standards. The quid pro quo for school autonomy is accountability for results (Payzant, 1995).

There is bipartisan support for the belief that some iteration of this basic bargain will fix our nation's public schools. Hugh B. Price, president of the National Urban League, advocates for all urban schools to become charter schools, stating that he wants to "liberate them from the stifling central-office bureaucracy and give them the latitude to operate the way independent secular schools do" (Olson, 2000, p. 26). Both Democrats and Republicans support this push toward local control in exchange for results. For example, President Bush's proposal for the federal role in public education, "No Child Left Behind," is built on this foundation.[1] The plan states:

> Accountability for student performance must be accompanied by local control and flexibility. If schools are to be held to high standards, they must have the freedom to meet those standards. (USDOE, 2001, p. 7)

But what does this rhetoric really mean, and how will it improve public school performance? What are the basic tradeoffs in creating systems of schools built on this basic bargain? In attempting to answer these questions, I examine the relationship between charter schools and their government oversight agencies, which I call *authorizers*.[2] Charter schools, as "this country's most aggressive version of school decentralization" (Odden & Busch, 1998, p. 48), may represent the purest form of this quid pro quo of autonomy for accountability. Unlike traditional public schools, charter schools are meant to have less bureaucratic regulation and more control over their resources in order to generate new ideas and produce better results. In exchange for these freedoms, charter schools face high-stakes consequences if they do not perform to expectations. They can be shut down if they fail to meet the goals set out in their "charter" with an authorizer or do not attract enough "customers" (i.e., students) to meet their expenses.

At their core, charter schools are independent public schools of choice. They are *independent* in that they can control their own resources, *public* in that they are free and open to all comers, and *schools of choice* in that the students, parents, and faculty choose a school, rather than being assigned to it.

The charter concept has been one of the fastest growing ideas in education reform over the last decade. The first charter school law was enacted in 1991 in Minnesota, and in the ten years since, 38 charter school laws have been enacted and approximately 2,153 charter schools have become operational (Center for Education Reform website, October, 2001).[3]

Within this broad charter school definition there is wide variation by state. This paper examines the charter initiatives in Massachusetts and Texas. These two states provide substantial autonomy and have nationally recognized accountability systems. Within these states, I examine the role of state agencies in holding charter schools accountable. This relationship between the authorizer and a charter school is important to study because optimally, charter school systems are meant to serve as models of

accountability.[4] As Kate Zernike (2001) reports in the *New York Times*: "Charter schools were to be more than good schools; they were to teach the country how to hold all schools responsible for their performance." (p.3)

As will be explored in more depth throughout this thesis, implementing this rhetoric has proven far more difficult than charter proponents may have imagined. In fact, Richard Elmore of Harvard University argues that the states have largely failed in their efforts to hold charter schools accountable for performance. He states:

> The states have blown it on accountability....They've chosen the path they've chosen since the 19th century – they can't regulate anything except school mismanagement, everything else is judgement and they don't want to make judgements on the quality of the instructional program. (Elmore as quoted in Zernike, 2001, p. 3)

The data thus far tends to support Elmore's assessment. As of 2001, only 4% (86 of 2,153) of charter schools have been closed, and of those, 79 have closed for financial problems or malfeasance. Just seven (or 0.3%) have been closed for poor academic performance alone (Center for Education Reform, 2001).[5]

While charter school authorizers have not yet solved this puzzle, I would argue that it is premature to classify the charter school governance model as a failed experiment. As Elmore rightly points out, government agencies are not experienced in making subjective judgements on school performance, and since the average charter school is just three years old (USDOE, 2000), many authorizers are facing this challenge for the first time. This paper examines charter schools as a case study in public school oversight.

It examines this problem from the school and the authorizer perspectives. First, through survey data and case studies I identify the key challenges charter schools face in building their capacity. Second, I explore the mechanics of the oversight systems in Massachusetts and Texas to dissect whether these school-level needs are being met and

how schools respond to these policies. I argue that this charter school governance model, while far from perfect, has many lessons to share with districts moving toward more decentralized models. Further, it begins to unravel why these oversight decisions are so complex and to discuss the key design principles policymakers should consider when crafting such policies.

Charter schools and the general public have a stake in understanding this process. In order to know how to best allocate resources, charter schools need to be working within a policy framework that is transparent. Potential charter school funders and lenders also need to understand the authorizer's expectations so that they can make decisions about whether to grant or lend resources to a given institution (Hassel, 1999). From the perspective of citizens, "until charter granting agencies have policies in place that define charter schools' accountability for results, taxpayers can not feel confident that the bargain for autonomy for accountability is working" (Hassel, 1999, p. 160). Moreover, this issue is critical for policymakers because charter schools are part of a larger U.S. trend that encourages local control in exchange for meeting central performance standards. As policymakers move further down this path, an examination of charter school oversight policies may offer lessons for state or district agencies attempting to redesign how all public schools are governed.

Research Questions

Through an examination of policymakers and schools in Massachusetts and Texas, my analysis will explore the following questions:

- *What are the organizational needs of charter schools?*
- *What tradeoffs does government face in designing governance systems to improve charter school performance?*
- *What can charter schools teach us about the governance of public education?*

The remainder of this chapter will provide a summary of the methods used in conducting the study and a roadmap for the thesis.

METHODS

My aim in this thesis is to examine the charter school model as a vehicle for exploring how public schools should be governed in the United States.

This study compares and contrasts the charter school accountability policies in Massachusetts and Texas and analyzes how charter schools in those states responded to their respective policies. It will *not* explore whether the accountability policies of charter schools yield better performance than district schools. The data were gathered from December 1999 to June 2001.

Data Collection

To understand the state perspective, I interviewed a total of 20 lawmakers and state agency representatives in Texas and Massachusetts. I also conducted a review of local media archives, state policy documents, and the legislative records in each state from two years prior to the passage of the laws to the present, i.e., from 1991 to 2001 for Massachusetts and from 1993 to 2001 for Texas.

To understand the view from the schoolhouse, I gathered information in three ways. First, the National Charter School Study, Fourth Year Report (USDOE, 2000) provided survey data of charter school leaders from across the United States on their accountability relationships with their authorizers.[6] Second, I explored questions raised in the survey data through case studies of six schools. I chose a high-, low-, and medium-performing school in both Texas and Massachusetts (as measured by their respective state tests, the MCAS and TAAS). I interviewed a total of 52 members of these school communities. Third, I also reviewed state test scores, charter school applications, annual reports, and site visit reports from the time the schools were granted charters until their five-year renewal decisions.

Choosing Massachusetts and Texas

Massachusetts and Texas were natural choices of states to study for three reasons. First, because I wanted to study the charter renewal process at the end of year five, I chose states that had enacted laws before 1996 so that I could study the charter renewal

process in 2001. Since Massachusetts had enacted its law in 1993 and Texas had enacted its law in 1995, these two states met this general criterion.

Second, I wanted to study two states that had well-established accountability systems. National Assessment of Educational Progress (NAEP) scores, the "nation's report card," for students in both Texas and Massachusetts were relatively high (e.g., when comparing fourth and eight graders' scores nationally, both state placed among the top ten states).[7] Texas' accountability system, which is built upon the Texas Assessment of Academic Skills or TAAS, is credited with gains among majority and minority students in math and reading that were so dramatic they were dubbed the "Texas Miracle" (Grissmer et al., 2000). Several researchers have argued that TAAS has had deleterious effects on students of color,[8] and that the gains have been inflated (Klein et al., 2000). However, despite these concerns, Texas represents one of the few states in the United States with a well-developed accountability system and a relatively mature charter school initiative.

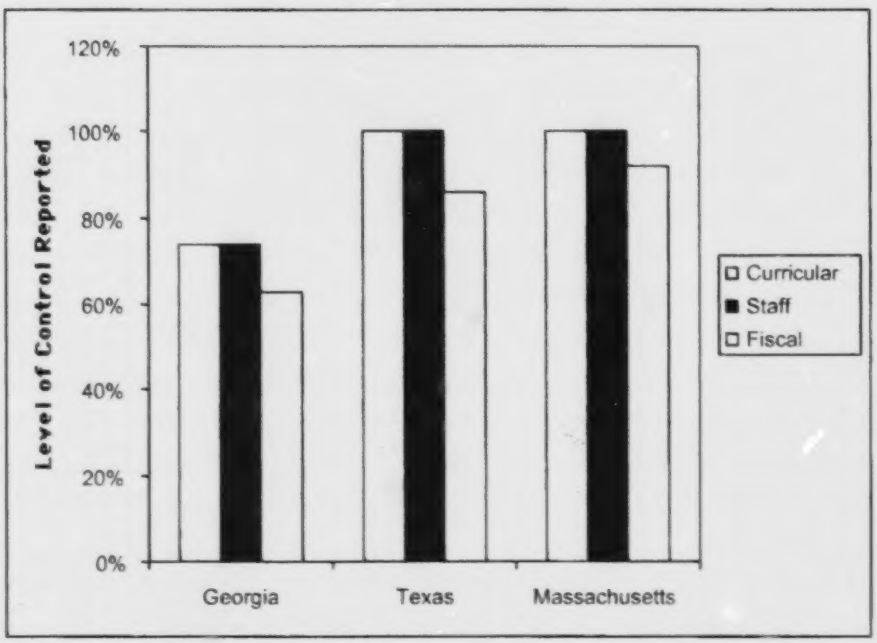
Massachusetts' charter school accountability system has not yet been linked to improved academic performance, but it is recognized as one of the most thoughtful policies in the country. Finn, Manno and Vanourek (2000) describe the Massachusetts accountability system this way:

> Massachusetts...has been termed the "Harvard" of charter authorizers due to its deliberate pace and selectivity...Massachusetts is widely known for having the most meticulous charter accountability system in the country. (p. 129)

Third, these two states not only had strong accountability systems, but charter schools in these states also had high levels of autonomy (USDOE, 2000; Hill et al., 2000). In a study of the nine states that had mature charter school initiatives in 1996, Massachusetts and Texas had the same high levels of local control.[9] Texas and Massachusetts charter school leaders reported having the highest levels of control over their curriculum (both reported 100% control), hiring (both reported 100% control) and budget (Massachusetts charter leaders reported 92% control and Texas charter school leaders reported 86%

control) (Figure 1A, below). In contrast, charter leaders in Georgia, the lowest ranking in school-level autonomy among the nine states, reported levels of control between that were 23% and 29% lower in each of these three categories (Figure 1A). This perception of autonomy is important because it indicates that the policy environments in Massachusetts and Texas provide charter school leaders with sufficient flexibility to respond to their local demands.

Figure 1A. Relative Autonomy in Massachusetts, Texas and Georgia. Among the nine states in the Hill et al., (1999) study, Texas and Massachusetts charter school leaders reported the highest levels of autonomy and Georgia charter school leaders reported the lowest.



Source: USDOE, 2000. Disaggregation of curricular, staff and fiscal control done by Celio (2000, p. 16.).

This combination of autonomy and accountability is not universal to all charter school initiatives. Based on case studies of six states (Arizona, California, Colorado, Massachusetts, Michigan, and Georgia), Hill et al. (1999) developed a four-part typology characterizing how authorizers across the United States relate to charter schools:

- ambivalent about approving charters and conduct only minimal oversight;
- reluctant to approve charters and conduct aggressive compliance-based oversight;
- willing to approve charters, and conduct balanced performance- and compliance-oriented oversight; or

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- enthusiastic about approving charters and conduct minimal oversight.

The distinctions among these broad types become clearer by using a matrix of autonomy vs. accountability (see Figure 1B). In this typology, California would represent Type 1. Its local school boards are virtually *required* to grant charters by California state law since an applicant rejected by the local board can go to the county and then the state to appeal the process. As a result, the districts with no incentive or funds to oversee charter schools provide little oversight and offer the charter schools limited autonomy. Georgia exemplifies Type 2. Its law requires district and teacher sign-off at all levels of charter oversight. As a result, few charters are granted, and those that are are highly regulated. The Massachusetts and Texas charter school accountability policies exemplify Type 3.[10] They provide reasonable oversight and high levels of autonomy. And, finally, Arizona represents Type 4. Arizona has 416 charter school sites, more charter schools than any other state (Center for Education Reform website, October, 2001). Its law provides maximum autonomy for these schools, but less stringent oversight.

Figure 1B. Autonomy vs. Accountability Two-by-Two. This table summarizes four different types of charter school authorizers in the United States. The numbers in the top left-hand corner of each cell correspond to the typology developed by Hill et al., 1999.

External Accountability

Local Autonomy	*High*	*Low*
High	3 High Accountability/ High Autonomy *[Massachusetts/Texas]*	4 Low Accountability/ High Autonomy [Arizona]
Low	2 High Accountability/ Low Autonomy [Georgia]	1 Low Accountability / Low Autonomy [California]

Another way to understand the distinctions between the states is to examine their state laws. Table 1A demonstrates that Arizona and California provide minimal restrictions on the source and number of charter schools, but that they do not have well-established state testing programs.[11] Georgia has a state testing program and offers unlimited numbers of charters, but since those charters are not legally independent from the district, their autonomy is limited. Massachusetts and Texas both offer significant autonomy and accountability, however, Massachusetts has more restrictions on its growth.

Table 1A. Legal Comparison of Five States. This table summarizes some of the accountability and autonomy provisions in the five states listed.

State	Well-established state standards and test	Charters can be legally independent	Full per-pupil operating funds follow children	Minimal restrictions on source and number of schools
Arizona		X	X	X
California		X	X	X
Georgia	X			X
Massachusetts	**X**	**X**	**X**	
Texas	**X**	**X**	**X**	**X**

Sources: Center for Education Reform (2001) and Goertz et. al. (2001).

In sum, few charter states provide a balance of autonomy and accountability that might lead to the growth of a school's organizational capacity. I chose to study Massachusetts and Texas because they appear to provide that balance.

Choosing Schools

I visited six schools, three in each state. For each school, I reviewed reports on the performance of the schools, and conducted a newspaper search for the year prior to the school's opening to the present (five years in Texas and six years in Massachusetts) to gain a sense of the political and historical context surrounding each school. I also examined all available correspondence from the state relative to each school's performance (annual reports and site visit reports) from 1996 to 2001.

In addition to extensive document reviews of each school, I visited each school and attempted to interview the school leader, teachers, parents, and board members (and a representative of the educational management company, if applicable). I conducted day-long visits at each school, and each interview lasted approximately 45 minutes. (Please see Attachment 1 for protocols.)

The criteria for choosing the schools is described in more detail in Attachment 1, but in short, these schools had the following attributes in common:

- All the schools were new start-ups
- All the schools were in operation for four or more years
- The schools represented a range of performance, and
- The schools are all sponsored by the state (as opposed to a district, university or some other authorizer).

To summarize, this paper is built on the premise that public school governance is moving toward systems in which central standards and decentralized control of school-level decisions will be the norm. Given this premise, I examined charter school governance policies, policies founded on this basic design principle of autonomy for accountability, in the hope that they might serve as models for oversight. In particular, I took a closer look at Massachusetts and Texas because, based on national research, these represented two of the few states that offered a balance of autonomy and accountability—a balance that should, theoretically, lead to increased student performance (Hill et al., 1999). This study examines the construction of these state policies and how charter schools responded to those policy frameworks. My analysis looks specifically at the costs and benefits associated with three core policy components: incentives, opportunity, and capacity.

ROADMAP FOR THIS THESIS

This paper is divided into seven chapters. It represents a distillation of my dissertation, *Unraveling the Basic Bargain: A Study of Charter School Accountability in Massachusetts and*

Texas. The logic behind its organization is as follows. Chapter 2 begins with a discussion of the literature and theory regarding charter school accountability to put this work in context.

Chapter 3 describes a working theory of charter school accountability built on the conceptual frame of *incentive, opportunity,* and *capacity* developed by Paul Hill and Mary Beth Celio (1998). Schools need incentives to overcome the inertia of mediocrity; opportunity or flexibility to respond to the incentives appropriately; and human and fiscal capacity to respond to the incentives and opportunity available to them. This frame redefines "accountability." Rather than a punitive, "gotcha" approach for failing schools, accountability in this light is seen as a system to improve schools. In particular, it is seen as a vehicle to improve organizational capacity. This conceptual frame acknowledges the need for external pressures to perform, but it places equal weight on the need to build and nurture the capacity of schools from within.

Chapter 4 examines the *autonomy* side of the basic bargain, i.e., it analyzes the organizational needs of these independent public schools in an effort to understand what accountability systems should be designed to *fix*. The chapter begins with a summary of national survey data on the key barriers to implementation that charter school leaders have encountered. With the survey data as a context, I look more closely at six charter schools (three per state). These challenges range from the need for better facilities to the need to better train and retain teachers; from the need to manage heavy administrative demands, to the challenge of inconsistent leadership.

Chapter 5 begins to look at the *accountability* side of the ledger, by examining the *capacity* and *opportunities* within the Massachusetts and Texas oversight systems. I argue that while opportunity or local autonomy enables school to excel, it does not ensure it. Further, I examine the limitations of authorizers in addressing charter school needs and map out the array of private and public players that play this capacity-building role.

Chapter 6 examines the incentive structures in each state and summarizes the political processes in developing the charter school laws and regulations in Massachusetts and Texas. It describes how authorizers crafted those laws into oversight policies and how those policies impacted charter school needs. Further, it explores questions such as: how did the goal setting process at each school actually work and what effect did test scores versus site visits have on the governance and instruction of these schools? It also explores the challenges of charter renewal through an in-depth study of a school that was in the gray area between charter renewal and charter revocation.

Chapter 7 provides a discussion of the *lessons learned* and offers implications for policymakers. Implications for this work extend beyond the charter school arena. As state and federal governments continue to build policies around the quid pro quo of autonomy for accountability, it will become increasingly important to understand how to hold schools with differentiated missions accountable for performance. More importantly, policymakers may find this thesis helpful in exploring how government can use accountability policies not only to passively monitor performance, but also to actively encourage systemic improvement.

Endnotes

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[1] The Democratic counter-proposal by Senators Lieberman and Bayh also calls for testing at multiple grade levels and sanctions if a school does not perform to expectation after three years. A primary difference between the two plans is that the Bush proposal called for giving parents in under-performing schools $1,500 in the form of vouchers, while the Lieberman-Bayh proposal called for dedicating those funds to supporting charter schools.

[2] The types of agencies that may authorize charter schools vary from state to state. For example, in Massachusetts the State Board of Education is the only authorizer, but in Texas, the State Board of Education and districts can serve as authorizers. In other states, such as Michigan or Indiana, universities or non-profit organizations can authorize charters as well.

[3] The number of charter campuses is significantly higher in that many states allow a charter holder to open multiple campuses.

[4] As Ted Kolderie (1990), a pioneer of the national charter initiative wrote, the intent is not about creating a few good schools, but to "create dynamics that will cause the main-line system to change so as to improve the education for all students"(1).

[5] Richard Rothstien (1998) argues that no charter schools have been closed for academic reasons.

[6] These data reflect the opinions of charter school leaders in the nine states that had charter schools in operation for two or more years in the spring of 1998. There were 373 charter schools in the universe of interest, and of these, 294 responded (79% response rate). In Massachusetts

and Texas, the response rates were 75% and 82%, respectively. The Center on Reinventing Public Education (with input from the author) developed the survey questions relating to charter school accountability and incorporated those into the USDOE survey since both RPP and CRPE were contractees of the USDOE.

[7] NAEP rankings in 1996 and 1998 for Massachusetts and Texas fourth and eighth grade students: In Massachusetts, grade 4 students were ranked ninth nationally in 1996. In 1998, Massachusetts grade 8 students were ranked fifth in reading and second in writing. Similarly, in 1996, grade 4 students in Texas were ranked sixth nationally in math and grade 8 students were ranked tenth in math. In 1998, grade 8 students were ranked fourth in writing.

[8] See Orfield and Wald (2000) for a review of the research on Texas' testing system.

[9] Among the nine states in the Hill et al. (1999) study, the rank order of the states from the lowest reported level of charter school autonomy to the highest, were: Georgia, Wisconsin, California, Arizona, Michigan, Colorado, Minnesota, Texas, and Massachusetts.

[10] Several other authorizers were cited as Type 3: Chicago; Washington, DC, Charter School Board; and some districts in Colorado and Michigan. I did not choose the former two because they did not participate in the USDOE national survey of charter school accountability and I did not choose the latter two because the state is not the primary authorizer in either state (i.e., districts are the primary authorizers in Colorado and universities are the primary authorizers in Michigan).

[11] Both Arizona and California have administered several state tests in the last five years, but the testing systems have been changed so frequently, they are not well-established.

Chapter 2: A Review of the Literature

This chapter provides a literature review of what we know about the trajectory and intents of the charter school movement. In general, this overview addresses two questions:

- Where did charter schools come from in the United States?
- How has the initiative grown over time?
- What are the intents of charter school concept?

Before summarizing the research to date, it is important to discuss the nature of the available literature on charter schools. Few of the early data sources cited below are from peer-reviewed journals. Many are from state agencies and may not be generalizable beyond that state's unique political context. Some states, such as Texas, California, and Michigan, have been studied more extensively than others, creating the potential for the experiences in those states to be over-represented (Bulkley, 2000). In addition, given the political nature of charter schools, much of the early work was sponsored by those with agendas for or against the charter concept. Therefore, where possible, I report findings from government sources (which tend to be more neutral) or from multiple sources in order to counterbalance potential biases.

CHARTER ORIGINS

The charter concept builds on reform efforts of the last 30 years. Magnet schools of the 1970s were the likely forerunners of current day charter schools (Tyack & Cuban,1995; Nathan, 1996). However, the term *charter schools* did not gain currency until the late 1980s. Raymond Budde (1988) was the first to write of "charter" districts and schools, and Al Shanker, the late president of the American Federation of Teachers, popularized the term in the same year (Shanker, 1988). Around the same time, a Philadelphia school district referred to its reform efforts as "chartering," and England gave its schools charter-like autonomy by allowing schools to "opt out" of local school jurisdictions via Great Britain's 1988 Education Reform Act.[1] Despite this apparent confluence of ideas,

policies come and go. Why did this one resonate and spread so rapidly across the United States?

The national context in the early 1990s provided fertile ground for the growth of the charter school concept. Chubb and Moe's "Politics, Markets and America's Schools" (1990) offered three main conclusions that underscore some of the influential thinking at that time:

- Schools do indeed perform better to the extent that they...have such general qualities as clear goals, an ambitious academic program, strong educational leadership and high levels of teacher professionalism.
- The most important prerequisite for the emergence of effective school characteristics is school autonomy, especially from external bureaucratic influence.
- America's system of public education inhibits the emergence of effective organizations. This occurs, most fundamentally, because its institutions of democratic control function naturally to limit and undermine school autonomy (p. 23).

During this time, the public education system, what Milton Friedman (1979) called an "island of socialism in a free market sea" (p. 144), began to change fundamentally.[2] Educational services were beginning to be deregulated and contracted out.[3] John Donahue (2001), of Harvard's Kennedy School of Government, explains,

> Debates over the private sector's role in education flared with new intensity in the late 20th century as an epidemic of anxiety over school performance coincided with a surge in legitimacy for private solutions to public problems (p. 1).

Private companies offered a full range of educational products and services: Sylvan Systems provided tutoring in math and English; Public Strategies Group, Inc., provided financial and administrative management skills, and Education Alternatives Incorporated (also known as Tesseract, which went bankrupt in 2000) offered districts complete financial and educational management services.[4] David Kearns, former chairman and CEO of Xerox and former U.S. Deputy Secretary of Education, led a

partnership between business and government to create "break-the-mold schools" with the establishment of New American Schools Development Corporation in 1991. Kearns said, "Until we find a way to fundamentally change the way we run our schools, we will never see long term results" (as quoted in The Education Industry Report, 1996).

The Politics of Central and Local Control

Concurrent with this push for decentralization and privatization was an emphasis on state-level academic standards. The publication of "A Nation At Risk" in 1983 as well as the establishment of the National Council of Teachers of Mathematics (NCTM) standards and Goals 2000 in 1989, helped propel the standards movement.[5] By 2001, 50 states had state standards.

The charter school legislation debate in Massachusetts and Texas in the early to mid-1990s was part of two seemingly contradictory policy trends that were gaining prominence across the United States. On the one hand, there was a movement afoot to decentralize; that is, to move decision-making to the local level via school choice, site-based management, and contracting out. On the other hand, there was an equally powerful trend to centralize, as evidenced by the standards-based reform movement. While these reform efforts may seem antithetical, Susan Fuhrman of the University of Pennsylvania notes that this apparent disjuncture was in fact unifying diverse reform constituencies, which in turn increased their collective political power. She wrote,

> State curriculum frameworks and reinforcing policies could provide a protective structure that would undergird strategies for parental choice and school governance. (1994, p.7)

In short, the timing was right for charter legislation because it blended and advanced the concepts of autonomy and accountability.[6]

The first charter school law was enacted in Minnesota in 1991, and the charter concept quickly garnered support from Republicans and Democrats throughout the United States.[7] Many Republicans endorsed charters because they supported smaller government and saw charter schools as a potential stepping stone toward the ultimate in

local control, school vouchers. Many Democrats supported charter schools because they offered the potential to serve as laboratories of innovation for the existing system and might serve to co-opt the desire for school choice within a public framework (Hassel, 2000; Pipho, 1993). As Donahue (2001) points out,

> [T]here are excellent reasons for the breadth of support this movement has inspired. Charter schools offer most of the benefits that vouchers can offer, with few of the risks. Those who continue to cherish the goals of public education, but concede the shortcomings of the status quo, can logically look to charters as the most effective friendly threat to conventional public schools. (p.14)

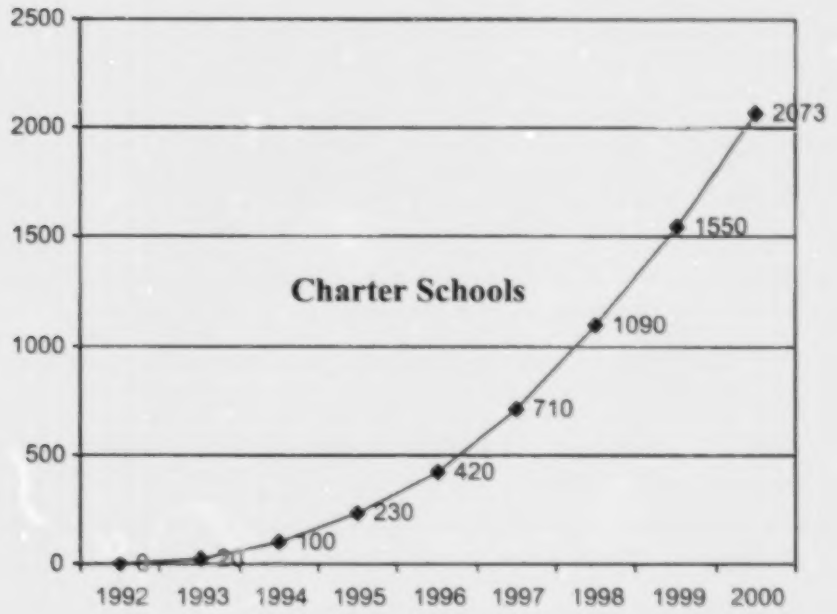
Therefore, the charter concept grew quickly because it was a proposal that had support from a diverse and broad constituency.

THE GROWTH OF THE CHARTER MOVEMENT

More than a decade after the first charter law was enacted in 1991, 37 states, Puerto Rico, and the District of Columbia have charter school laws, and over 2,000 charter schools enroll approximately 500,000 children in 34 states (as of March 2001; see Center on Education Reform (2001) and USDOE, 2000; see also Figure 2A below.)[1]

[1] Wyoming, New Hampshire, and Indiana have charter laws, but do not have any active charter schools as of March 2002.

Figure 2A. Growth of Charter Schools in the United States. This graph illustrates that the number of charter schools has grown at a rate of about 30% or more per year since 1992.



Source: USDOE (2000) for the data up until 1999. The 2000 data are from the Center on Education Reform (www.edreform.com).

Since the problems in U.S. education are perceived to be worse in our urban areas, it is not surprising that 60% of charter schools are located in cities (USDOE, 2000). The ethnic and racial profiles of charter school populations generally reflect the demographics of the urban centers. As Table 2A summarizes, on average, African-American (24% in charter schools versus 17% in all public schools) and Latino students (21% in charter schools versus 18%) are generally over-represented in charter schools. The percentage of limited English proficient (LEP) students and those eligible for free and reduced lunch (FRL) are roughly equivalent to national averages (9.9% of all charter school students are LEP, versus 9.8% of all public school students nationwide; 38.7% of

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all charter school students are eligible for FRL, versus 37.3% of all public school students nationally), Table 2A.

In contrast, special needs students are generally under-represented in charter schools (on average). Table 2A points out that the average enrollment of special needs students in charter schools is 8%, versus the national average in all public schools of 11%. Various theories have been proffered to explain these lower numbers: 1) that special needs students are being dissuaded from enrolling in charters; 2) that parents of disabled children are opting to stay in their districts; and 3) that because the student-teacher ratios are often lower in charters, students receive more personal attention and are thus opting out of their Individual Education Plans (IEPs).

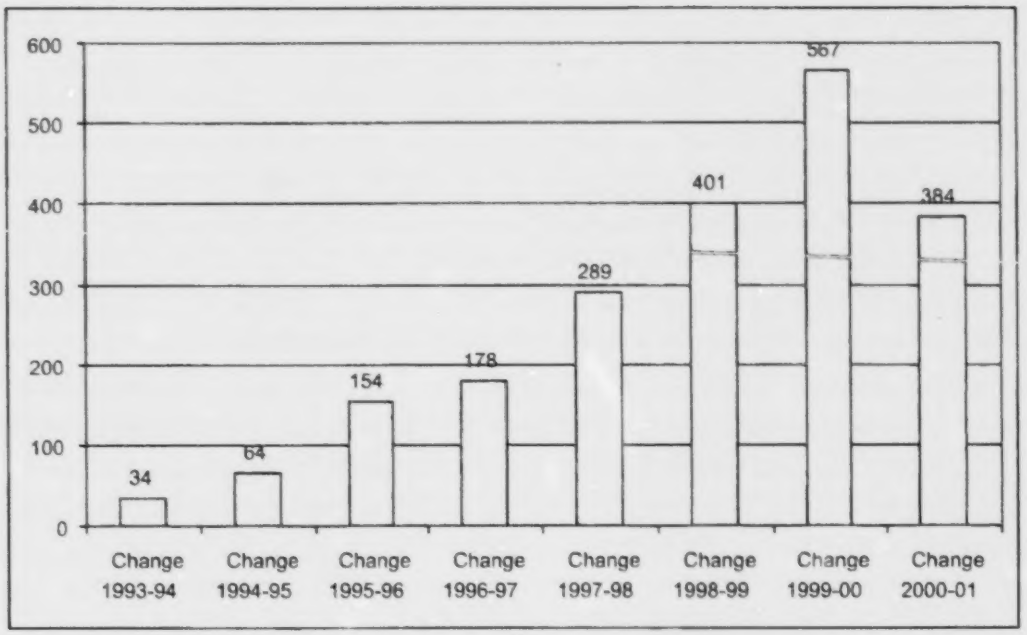
Table 2A. National Data on Charter School Demographics

	African-American	Latino	Asian	Caucasian	Free & Reduced Lunch	Special Needs	Limited English Proficient
Charters (1998-99)	24%	21%	3%	48%	39%	8%	10%
National (1996-97)	17%	18%	4%	59%	37%	11%	10%

Source: USDOE (2000)

After nearly a decade of rapid growth, the charter initiative appears to be leveling off (Figure 2B). For the first time in eight years (1993-2001), the number of new charter schools in 2000-2001 was less than the previous year (Figure 2B).

Figure 2B. Increase in the number of charter schools per year in the United States. The numbers associated with each column represent the number of new charter schools granted across the United States from one year to the next.



Source: USDOE, 2000 and the Center for Education Reform website (2001).

When one examines Figure 2B more closely, it is clear that the percentage increases in the number of schools per year are slowing as well (Figure 2C). Figure 2C shows a steady decline in the annual growth percentage from 1993 to 2001.

Legislative action is beginning to slow after a decade of rapid growth (Figure 2D and Table 2B). The 2000 legislative session was the first since 1991 in which no state passed charter legislation.[8] All this does not suggest that the number of charter schools will stop growing; on the contrary, with nearly three-fourths of the states now having charter legislation, the number will continue to grow depending on a given state's "cap" or limit on the number of allowable charters. However, it does represent an end to the exponential growth that marked the early 1990s. It might also signal a shift in focus on the part of authorizers from the charter approval process to the charter school oversight

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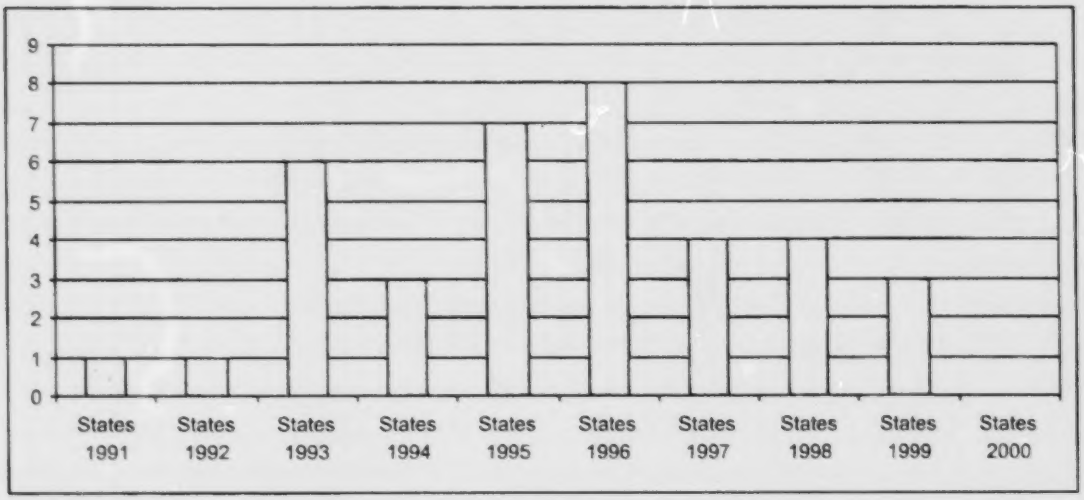
process.

Figure 2C. Number of charter school state laws passed per year from 1990 to 2000.



Source: USDOE, 2000

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Table 2B. Charter Laws and Years Passed. This table summarizes the year a given state passed charter school legislation.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
MN	CA	CO	AZ	AK	CT	MS	ID	NY	
		MA	HI	AR	DC	NV	MO	OK	
		MI	KS	DE	FL	OH	UT	OR	
		NM		NH	IL	PA	VA		
		WI		LA	NJ				
				RI	NC				
				WY	SC				
					TX				

Source: USDOE, 2000

CHARTER SCHOOLS AS A GOVERNANCE MODEL

What will the charter school legacy be? Has the market pushed the existing education system to excel? Freed from bureaucracy's chains, have charter schools generated new ideas? Has the charter initiative grown so quickly that it will replace the current district structure of governance altogether?

Bryan Hassel, in *The Charter School Challenge* (1999), postulated that there were three overarching strategies in which charter schools might lead to systemic reform. First, the *laboratory* thesis suggests that charter schools, freed from bureaucratic constraints, will develop innovative approaches to education and by sharing those ideas, will improve the system at large. Second, the *competition* thesis posits that districts will offer improved services in order to avoid the financial losses associated with students leaving the system. Third, the *replacement* thesis states that the district structure will become so calcified and inefficient that it will collapse under its own weight and that all schools will eventually become charter schools.

I suggest that there is a fourth thesis, what I call the *governance thesis*, in which many charter school proponents are now investing their energies.[9] This thesis hypothesizes

that the primary benefit of charter schools will be in changing the basic district structure so that schools are given the opportunity to control their fiscal and human resources while the central government holds them accountable for performance.

In the text that follows, I summarize the rhetoric and empirical data associated with each of these four theses. Because each school is shaped by its unique vision and state law, it is impossible to make broad claims about *all* charter schools, but some patterns are beginning to emerge.

Laboratory Thesis

This thesis builds on the idea that if charter schools had fewer bureaucratic constraints they would develop new ideas and disseminate those ideas to other public schools.

Charter schools are "different" in several ways. One of the biggest differences is their size. Charter schools are generally smaller than district schools. The average charter school has 137 students compared to a median enrollment of 475 in district-run public schools (USDOE, 2000), and they are often organized differently. For example, almost half of charter schools are organized in grade configurations that differ from the traditional high, middle, and elementary model (USDOE, 2000). They also generally have more control over school operations (Arsen et al., 1999).[10] However, it is not clear that charter schools are generating ideas that are wholly new to public education.

To the extent that charter schools are generating new ideas, the ideas are "local innovations." For example, City on a Hill Charter School in Boston, Massachusetts uses "juried-assessments" at the end of each school year to discern how much students have learned. Students present their understanding of math and English (perhaps solving an algebra problem or interpreting an editorial from the *New York Times*) in front of small groups of professional mathematicians and writers. Certainly, other schools in the state may use similar assessments, but this concept was novel among high schools in the city. These approaches are common within the broader public school community nationwide, but may not be available in a particular district (Finn et al., 2000; Rosenblum Brigham

Associates, 1998). Therefore, the dissemination of new ideas may be limited in part because there simply may not be much to share.

The laboratory thesis is also hampered by a lack of vehicles to exchange new ideas that do exist. Collaboration between charter and district schools is difficult because there are few mechanisms and little incentive to share best practices (Adelman & Finnigan, 1999). The sharing of best practices among public schools is difficult under the best of circumstances, and, until recently, most states did not dedicate any resources to enable charter schools to share what they had learned.[11] In 2000, the U.S. Department of Education gave grants to individual charter schools around the country to help disseminate best practices, and this funding has given rise to a small number of collaborations among charter and district schools in some states, including Massachusetts.[12] However, even if there are dedicated resources for collaboration, there is an inherent tension between district and charter schools because they are competitors. If a district school principal is losing students and resources to a charter school, what incentive does she have to share the best practices from her school (Hassel, 2000; Wells et al., 1998; Rosenblum Brigham Associates, 1998)?

Competition Thesis

This thesis is based on the premise that parental or "market" demands will shape and improve public education because schools will change their services to meet consumer demands. This thesis builds on the assumptions that a) parents will choose charter schools over district schools, and b) the number of charter schools will reach a large enough number to force change.

As market proponents predicted, the data suggest that satisfaction is generally high among the parents of charter school students. Seven out of ten charter schools nationally have a waiting list (USDOE, 2000), and survey data from several sources indicates that parents are generally satisfied with their choices. In a survey conducted by Finn et al. (2000), two-thirds of parents said the charter school their child is now attending is better than their child's previous school. This finding was consistent with

surveys conducted in Texas (Texas Education Agency, 2000) and Minnesota (Center for Applied Research and Educational Improvement, 1998).[13]

However, it is unclear whether strong parent satisfaction will lead schools to improve their academic performance. Arsen et al. (1999) argue that parent survey data regarding school choice are misleading because asking a parent to score their child's new school is in essence asking the parent to evaluate the wisdom of their own choice. Beyond this concern, academics do not appear to be the primary criterion by which a parent chooses a school; location, hours of operation, and school safety are generally more influential factors. Therefore, this raises the question of whether market success is a sufficient measure of school effectiveness (Hassel, 1998).

Assuming parents generally like charter schools, the next question is whether that demand has led to changes in district schools. The theory is that if districts lose students and their attendant per pupil allotments, then they will change their products and services to better meet the needs of their consumers.

The data indicate that competition has had a limited effect on large districts. Nathan (1996), Rosenblum Brigham Associates (1998), and USDOE (2001) have found some significant anecdotal changes. For example, in Mesa, Arizona, the district developed more alternative public schools and began running advertisements at cinemas in response to a high concentration of charter schools in the district. In Boston, "pilot schools," schools with charter-like control of their fiscal and human resources, were created by the district and local bargaining unit to prevent a small cluster of the more innovative schools from opting into the charter system. However, these changes are the exception rather than the rule. Due to the lack of facilities, limited start-up funds, and statutory limits on the number of charters in many states, it is difficult for any charter initiative to gain critical mass in any given district. Only a few states have more than 2% of their public school student population in charter schools (Legg Mason, 1999); therefore, it is difficult for a given initiative to grow to a size that would actually force a district to change.[14] In sum, Eric Rofes' (1997) finding that "the majority of districts had

gone about business-as-usual and responded to charters slowly and in small ways" (p. 11) appears to be the norm.

Replacement Thesis

This thesis hypothesizes that charter schools will replace district schools altogether. In order for this theory to work a) the number of charter schools will need to reach a critical mass and, b) there will need to be substantial evidence that this approach is more efficient than existing options, i.e., producing better results on the same or fewer public dollars.

For the same reasons stated above – statutory limits, facilities challenges, lack of start-up capital – the charter initiative will not likely reach a critical mass in most states. In addition, it is not politically or logistically feasible for states to oversee large numbers of schools. The United States' historically strong support of local control makes the notion of authorizing all schools through a state agency unrealistic. Further, state agencies are usually situated near a state's capital and are often hours away from the far reaches of any given state. As John Stevens of the Texas Business and Education Collective writes, "The State...should not generally be in the business of running public schools" (Stevens, 1999, p. 4). State higher education institutions also authorize charters in some states, but state colleges and universities would encounter the same limitations regarding capacity and geography that state agencies do.

Geography may not appear to be an insurmountable problem because states can use regional offices or universities can use satellite campuses to oversee schools, but unless those decentralized bodies are given the authority to make high-level decisions, the onus of these decisions will still be on state offices. Even if this authority were decentralized, the resources and training necessary to train all of the employees at each of the remote sites is likely more of an investment than most state legislatures are willing to make. The district is the best structure for overseeing charter schools locally, however, as will be discussed in more detail below, local school boards and organized labor have been resistant to altering the decision making power they now have. In short, it appears

unlikely that the current authorizer models have the capacity to replace the district structure without wholesale transformations of entrenched power arrangements.

Even if this state-level governance model could be constructed to manage large numbers of schools, it is not clear that charter schools are currently using funds more efficiently than district schools. Charter schools offered what Odden and Busch (1998) called "the country's most aggressive version of school decentralization" (p. 48). By bypassing district central offices, charter schools offered hope that public dollars could be used more efficiently, and that by eliminating district-level waste and giving schools direct control of their resources, they could respond more efficiently to their community's needs. This was important because not only was the performance of US students lagging in international comparisons, but Americans were also spending as much or more on education than any other industrialized country.[15] In 1998, K-12 public schooling was a $320 billion dollar industry in the United States, representing 4% of our gross domestic product, (Odden & Busch 1998).[16] In short, pressure was building to produce better results with the same, rather than more, public dollars.

Thus far, there is no empirical evidence to support the idea that charter schools are getting proportionally more money into the classroom or producing better results on the same public funds. A microfinancial analysis of charter school spending (Herdman and Millot, 2000) found that Massachusetts charter schools were dedicating about the same percentage of their annual budgets to classroom-related expenses as were district schools nationally.[17] The reasons for this were, in part, that a) charter schools do not have separate facilities funds like districts do, and thus need to draw funds from their instructional budgets to address their facilities costs; and b) individual charter schools do not benefit from the economies of scale of a district, and therefore, have relatively high administrative costs.

More important, assuming that charter schools' classroom spending is on a par with district schools, it does not appear that simply reallocating resource control from the district to the schools alone has led to consistently improved performance. The data

indicate that the performance among charter school students nationally is decidedly mixed. Bulkley (2000) analyzed 21 state-level charter school evaluation reports written between 1997 and 2000, and found that there were some gains in Colorado, Los Angeles, and Massachusetts, but that the performances in Washington, DC, Michigan, and Texas were far less promising.[18]

In sum, it appears the current charter school authorizing structures a) do not have the capacity to replace the existing system, and b) have not yet proven that they are any more efficient than the existing systems for governing public schools.

Governance Thesis

The *governance* thesis represents a hybrid of Hassel's laboratory and replacement theses. It posits that public schools will improve if they are given the autonomy to act locally within a district framework of oversight and support. This thesis differs from the laboratory thesis by suggesting that the governance model itself is a more important innovation than any new ideas that might be derived from individual schools. It is distinct from the replacement thesis because it does not argue that the current authorizing relationships, in which 57% of charter schools are sponsored by authorizers other than a local school board (Center for Education Reform, 2001), will grow to replace the existing district structure. Rather, this thesis hypothesizes that if districts adopt an appropriate charter-like governance model, schools will improve on a large scale.

There is a great deal of enthusiasm for decentralizing public education. Ed Kirby (2000), a senior administrator in the Massachusetts Charter School Office from 1997 to 1999, argues for the power of self-governance. He writes:

> A charter school can make big changes on the spot. It can replace its reading curriculum, extend its school year, or fire an ineffective teacher with regard to no other rules but its own. It can do any of these things in a matter of days, sometimes hours. Charter schools have figured out what researchers and legislative commissions still fail to grasp: that the real innovation in charters is

> nothing more than the power of self-governance – the power to make changes that produce results (p. 1).

However, as stated above, there is no empirical evidence to show that simply changing the locus of decisionmaking from a central office to a school will result in improved performance. In fact, when decentralization is seen as an end in itself, it has generally failed (Malen, Ogawa, & Kranz, 1990; Murphy & Beck, 1994). As Wohlstetter and Albers-Morman (1994) point out, if decentralization is to have a chance to be effective, it must be linked to a focus on performance. They write

> that deceptively simple change in how schools are managed and governed, as attractive as it is to many teachers, principals and parents, turns out to be rather meaningless unless it is part of a focused, even passionate, quest for improvement. School-based decision-making is one aspect of systemic school reform – an approach to improving schools that also includes changing instruction, curriculum, [and] the institutional web that surrounds schools to achieve an integrated focus on the outcomes of education (p. 1).

This focus on performance is central to the governance thesis. Over time, the focus of schools has become fragmented due to layers of federal and state requirements, along with the need to respond to multiple funders. Mary Russo, a principal and director of Boston's Annenberg Challenge efforts, called this propensity of schools to get lost in responding to multiple demands as "projectitis" (Hill, Campbell & Harvey, 2000). She described it this way:

> It's...about moving away from "projectitis." In the past you were a good administrator if you could pull in as many grants as possible, [but] the problem was that you'd end up with a grab bag full of projects and you'd use the money for whatever you needed and there was no focus, so we didn't see any improvements" (p. 137).

This next chapter offers a working model for how the "institutional web" described by Wohlstetter and Albers-Morman (1994) might be constructed to help schools focus on

their mission through an examination of the lessons learned from the state-authorizing context that can be instructive for *district* governance restructuring.

Endnotes

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[1] See Hassel, 1999; Fine, 1994; and Wohlstetter and Anderson, 1994.

[2] Friedman is a Nobel Prize-winning advocate of school vouchers and the author of "Free to Choose" (1979), among other publications.

[3] In the 1970's, Dade County, Florida was the first U.S. district to experiment with site-based management on a large scale. For more on decentralization see Osborne and Gaebler, 1992; Bimber, 1993; and Elmore, 1993.

[4] Tyack and Cuban (1995) point out that experiments with the privatization of public education began in the late 1960's. For example, they report that in the fall of 1969, in Texarkana, Arkansas, that over a hundred students identified as potential drop-outs entered "Rapid Learning Centers" set up by Dorsett Educational Systems. See pp. 117-119 for more detail.

[5] Forty-nine states have embarked on initiatives related to academic standards. This is due in part to the establishment of the Improving America's Schools Act (IASA) 1994. This law created major changes in this $8 billion dollar federal program known as Title I of the Elementary and Secondary Education Act. Based on a concern that the operation and impact of Title I over the previous 25 years was focused on procedural compliance rather than academic outcomes, the new federal approach was built on a state-established performance and content standards, accountability for performance, and programmatic flexibility (Geortz and McDuffy, 2001).

[6] Note that efforts to devolve decision-making to the school level in exchange for adherence to central standards were happening throughout the world in the 1980's. See McGinn (1994) for an international analysis of decentralization.

[7] In the 2000 Presidential campaign, the Republican candidate, then-Texas Governor George W. Bush promised to provide enough federal funding to double the number of charter schools by 2004. Vice President Albert Gore, the Democratic candidate, promised to continue then-President William Clinton's support of charter schools by tripling the number of charter schools by 2004.

[8] Indiana passed its charter school legislation on May 2, 2001.

[9] This idea was discussed as a corollary to the laboratory thesis in Hassel (1999).

[10] An National Education Association study by Koppich, Holmes and Plecki, 1998, found that 68% of charter school teachers say there is "little or no union or association involvement in their school" (p. iv).

[11] See Richard Elmore (1996) for a discussion of the challenges associated with large-scale change. Also see Bryan Hassel (1999) for a discussion of the challenges faced by New American Schools, a private-public partnership, dedicated to large-scale change.

[12] Through the federal Charter School Dissemination Program (Massachusetts funding code 537), nine Massachusetts charter schools received $666,325 in FY01. The grants ranged from $42,085 to $75,000.

[13] Parent satisfaction among Texas charter school parents was not universally positive. Parents of students in at-risk charter schools were more satisfied than those with children attending non-at-risk charters (TEA, Part Two, 2000).

[14] Some cities such as Mesa, Arizona and Washington, D.C. do have close to 15% of their students enrolled in charter schools.

[15] The Third International Mathematics and Science Study (TIMSS) in 1995 consistently ranked U.S. eight grade students behind their peers from other industrialized nations. When compared with the United States' five major economic partners (Japan, France, Canada, England, and Germany), U.S. math scores placed in the bottom half and science scores fell somewhere in the middle (USDOE, 1996).

[16] Funding for public education in the US is very uneven across localities because much of the funding for public education comes from local taxes. Tax revenues are divided as follows: 47% local taxes; 45% state taxes; and 7% federal taxes (Odden and Bush, 1998).

[17] Howard Nelson et al. (2000) conducted a study of charter school revenues but did not examine expenditures.

[18] Bulkley (2000) also notes that the quality of this data were suspect because it was often based on less than three years of data, was not student-specific, and did not represent value-added scores since baseline data was not generally available.

Chapter 3: A Working Theory of Governance

Focusing on the "governance thesis" described in chapter 2, what should the goals of a charter school authorizer be? The primary goal of any government agency overseeing public schools is to produce *excellence* while ensuring *equity*. However, because state and district agencies have had at least 25 years to develop systems of compliance, I will focus on the less understood *excellence* side of the equation. That is, how can government oversight systems be designed to promote the systemic improvement of charter schools.

CHARTERS AND THE NEW ACCOUNTABILITY

In the past, government accountability has been synonymous with compliance regulations, i.e., controls on the use of public funds. However, Fuhrman (1999) argues that the current trend in public school accountability -- what she calls "New Accountability" -- deviates from earlier policies in that "states and districts are trying to put more emphasis on student *performance* and less on compliance" (p. 1). Most performance-based accountability systems are based on four principles:

- schools are the primary unit of analysis;
- student performance is the most important outcome measure;
- school-level performance is measured against a set of state- or district-established standards (usually through some form of standardized test);[1] and,
- incentives in the form of sanctions, interventions, or rewards accompany a school's relative performance (Ladd, 1996).

Differentiating Internal and External Accountability

The term accountability can take many forms and has many purposes. In broad strokes these purposes can be defined in terms of *internal* and *external* accountability (Newmann et al, 1997; Darling-Hammond, 1995; Abelmann and Elmore, 1998). Internally, the faculty and parents can examine school performance in an effort to improve its services. That is, internal accountability might be seen as a helpful diagnostic or formative evaluation that serves as a part of a school's continuous improvement effort. External

accountability often encompasses the oversight by government agencies, researchers or parents interested in making judgments about a program or school. These are generally summative assessments that inform decisions by policymakers about sanctions or rewards or edify researchers' understanding of school effectiveness.

Results of the New Accountability measures described above generally provide more benefit to those outside schools than in them. That is, school personnel often see the results from such systems as being *about* them, rather than *for* them.

If schools are to improve on a large scale, I believe both internal and external accountability must be in place. Internal accountability plays a critical role in establishing the norms and culture of excellence within a school. It engages schools in a process of self-reflection about their own practice, a process schools have a natural self-interest in doing well. However, there are limits to self-referential evaluations, they lack objectivity (or the perception thereof) and thus may not provide the general public with an unbiased gauge of school performance relative to a state's standards. External accountability serves as an essential check on the system and provides schools with valuable feedback. However, it too needs to be informed by the internal expectations of schools. A system of schools is not likely to move toward increased performance if it ignores the expectations of the individual schools that comprise it.

Abelmann and Elmore (1998) point out that there is a clear and critical tension between internal and external accountability. They state:

> The long-term fate of education reform as it is presently conceived lies largely in the tension between the uniform requirements of external accountability systems and the peculiarities of real schools. The new educational accountability systems will succeed or fail to the degree that they are designed with knowledge of how schools vary in their conception of accountability.

CREATING A COHERENT SYSTEM OF ACCOUNTABILITY

In designing accountability systems, it is important to understand the components of effective schools and how government can serve to systematically enhance these school-level conditions. Building on the effective schools' research , Newmann et al (1997) used a four part rubric to measure school organizational capacity:

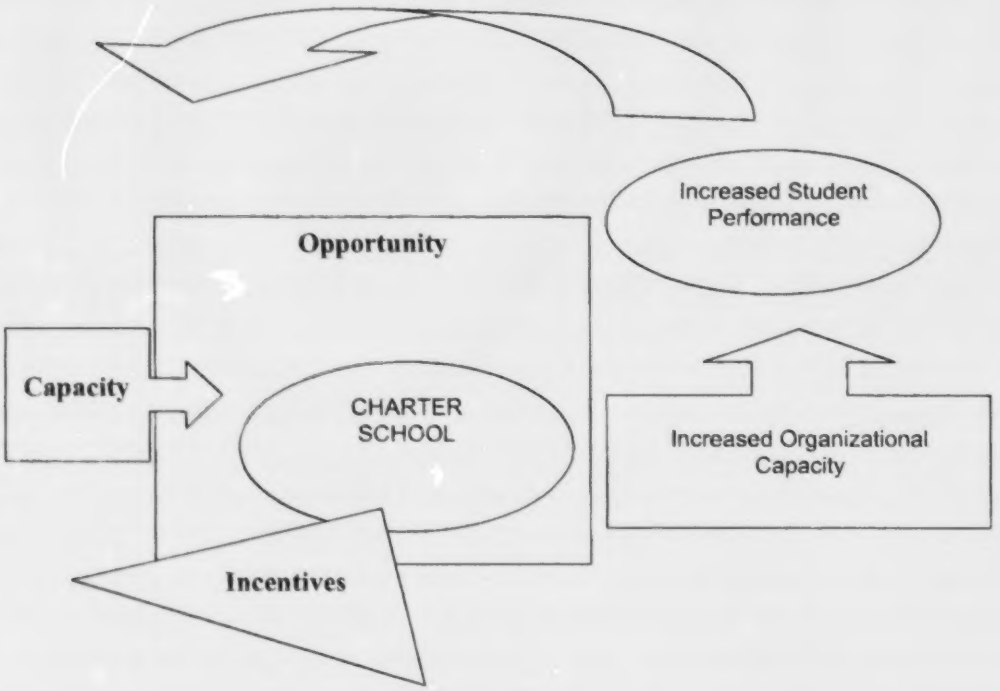
- Teacher professional knowledge and skills
- Effective leadership
- Fiscal and curricular autonomy, and
- Coherence of mission

At issue is how can government create an oversight system that enhances and augments these components in all of its schools?

A Working Theory of Action

Figure 3A summarizes my working theory of how charter school accountability should work. The model is built on the premise that schools will improve from within more easily than they will from without (Newmann et al., 1997; Abelmann & Elmore, 1999). Therefore, this model suggests that government should design oversight systems that help build schools internal accountability in the hope that increased expectations will work to increase a school's organizational capacity and overall performance.

Figure 3A. Working Theory of Charter School Accountability. This figure summarizes my working theory. It involves providing charter schools with the opportunity to meet local demands, central incentives to encourage performance, and capacity to support schools meet their goals. The arrow signifies the fact that the process is dynamic and that improvement requires continuous reassessment of goals.



To understand how government could help schools build organizational capacity, I looked to successful private sector enterprises (e.g., Murnane & Levy, 1996)[2] and promising public sector models.

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Paul Hill and Robin Lake (1997) echo many of Murnane and Levy's (1996) principles in their plan for an accountability system to oversee the Washington State K-12 education system. They write:

> An accountability system must accomplish three tasks. It must attach consequences to performance so schools have strong incentives to improve instruction; create flexibility at the school level so that teachers and principals can improve instruction free of the impediments of unnecessary regulation; and ensure that schools get the help they need to improve, by encouraging formation of many different high quality assistance providers (p. 3).[3]

Drawing from these principles, Figure 3A includes three major components. One, *incentives* are meant to guide and catalyze schools and districts. Two, *opportunity* is meant to provide schools with the leeway to react to the states' external standards, and to give them the freedom to develop their own internal accountability. Three, *capacity* is needed to help schools improve the collective skills of their teachers and to improve their ability to use their resources in alignment with their mission. In theory, these components would work in concert to first improve the organizational capacity of individual schools, which in turn would lead to large-scale improvement. The curved arrow at the top of Figure 3A symbolizes the fact that the process is ongoing. As Murnane and Levy (1996) point out, successful businesses "persevere and learn from mistakes, there are no magic bullets" (p.14). I will address each of these main components in turn.

Incentives

Accountability systems are often built around "rewards and penalties." These systems work on the principle that if government measures a school's performance relative to a common set of standards and then metes out penalties and rewards based on that performance, schools will respond by improving over time (Brooks, 2000).[4] Standards and their accompanying assessments serve several purposes. First, they provide a common frame of reference. This addresses concerns that charter schools will create "balkanized communities" (Fuller, 2000, p. 254) in that common standards can serve to

weave all students into a common social fabric. Second, state standards and tests have *internal* benefit to schools as a helpful diagnostic or as reassurance that it is on the right track. Third, state tests provide a valid *external* check on performance, a check that taxpayers and lawmakers demand and deserve.

However, standards and assessments have limitations. First, because cut scores on state tests are often designed to avoid intolerably high failure rates, they often serve as the minimum threshold of competence rather than a high bar of excellence.[5] Therefore, tests will likely do little to inspire the performance of any but the lowest performing schools (Hoffman et al., in press). Second, such tests provide only a one-dimensional measure of performance.[6] Therefore, if the Newmann et al. (1997) theory of internal accountability has merit, a one-size-fits-all assessment that does not take into account a charter school's own mission and site-specific goals will do little to encourage that school's ability to build its own organizational capacity.

My assumption with regard to incentives in this model is that state accountability systems that take into account a school's mission and goals will have a greater positive effect on organizational capacity than authorizers that rely on a one-size-fits-all approach.

An integral part of any incentive system is data. Internally, government can support charter schools if they can provide data that are timely and usable. Optimally, schools can use this evaluative data to design instruction and reallocate resources more effectively. Externally, parents and lawmakers can use evaluation data to make school choices and evaluate the public investment, respectively. The use of data at all levels is central to the continuous improvement of the system.

Capacity

Another limitation of state incentive systems is that some schools may want to improve their performance, but may simply not have the human or fiscal capacity to do so. Anthony Alvarado, former superintendent of New York City's Community School District Two, explained that while incentives were important, they were not an end in

themselves. He said, "sticks don't inform, they just hit" (Hill et al., 2000, p. 161). He argued that more important than incentives was the need for capacity-building. He based his argument on his own limitations as a teacher when he said:

> The biggest problem in public education is that the adults don't know what to do...I thought I was a good teacher, [but] there were things I didn't know - what to do with certain kids at certain times. I knew I wasn't adding to their knowledge base. [I realized] 'it's not the kids, it's me' (Hill et al., 2000, p. 158).

Despite the commonsense appeal of the rewards and penalty model, researchers argue that this model works on the flawed assumption that schools have untapped resources, i.e., that teachers are inherently lacking in motivation and that an incentive is needed to spur them to improve (Newmann et al., 1997; Massel, 1999). It is true that, some (perhaps many) teachers and school administrators are not working at their full potential, but many more want to improve and simply lack the capacity to do so.[7] As Elmore (1996) points out, the problem with large-scale change is, "understanding the conditions under which people working in schools seek new knowledge and actively use it to change the fundamental processes of schooling" (p. 4).

Capacity-building is important in any accountability system, but my assumption is that it may be especially important in the charter school community because the modal charter school has a less-experienced faculty and a leader with heavy administrative demands. In addition, while support can come from many private or public sources, in order for it to be of value to the school, this support should be sustained, on-site, and consistent with the school's mission (Darling-Hammond, 1993).

Opportunity

The third component of the model is "opportunity." Elmore (1997) argues that accountability relationships should be based on reciprocity. He writes:

> Every demand for increased performance through a formal accountability system should carry an equal reciprocal obligation on the part of the party making the demand to provide the capacity to meet the demand.

In essence, authorizers' demands for increased performance should be matched with comparable school-level support and freedoms. If this does not occur, schools will have a justifiable argument as to why they could not meet the external standards.

Charter proponents, such as the Center for Education Reform, define "strong charter laws" in terms of how much flexibility and independence a given charter law provides potential charter school founders. Hassel (1999) cites the following four provisions as important indicators of a strong charter school law:

- no veto is possible by a local school board;
- legal independence is possible;[8]
- full per-pupil operating funds follow children; and,
- minimal restrictions are put on the source and number of schools.

My assumption is that opportunity is a double-edged sword. This definition of a strong charter school law, i.e., a law providing maximum opportunity, may yield relatively high numbers of schools and similarly high numbers of failures. Depending on an authorizer's lens, this can be seen as a positive or a negative. From a competition perspective, more charter schools means more market pressure and a greater chance that the system will improve. However, from a governance perspective, if rapid growth leads to the authorization of lower quality schools, a high level of opportunity would be seen as counterproductive. My analysis will examine the inherent tradeoffs in providing varying levels of opportunity.

Limits of Government Oversight

The primary intent of this working model is to improve academic performance on a large scale. It does not emphasize the importance of competition or school-level innovation, i.e., Hassel's (1999) competition, replacement, or laboratory theses. While innovation and competition may occur as a result of schools differentiating themselves, the focus of my model is on school improvement, *period*. The bottom line is that unless charter schools yield better performance, they will simply become another layer in the fossil record of school reform.

This said, there are two significant limitations to this charter school governance model. First, even if a working theory like this one serves to improve students' academic performance, it will not necessarily change their economic disposition. Fuller (2000) explains that fixing the schools is only part of a larger societal problem of inequality. He writes:

> Any policy leader who argues that simply reforming what goes on inside schools will make America a more fair society - without addressing child poverty and the deeper inequalities - is trying to fool you. To expect the learning curves of kids from working class and starkly poor backgrounds will rise substantially simply through better schooling, without attacking root causes, namely economic insecurity and constrained opportunities facing low income parents is hogwash. It ignores a half-century of empirical research. (p. 10)[9]

Second, charter schools and authorizers have significant limits on the discretion available to them. Since the U.S. Constitution delegates the power to oversee public education to the states, it might appear that the states have full discretion in defining the powers and responsibilities of charter schools.[10] However, federal civil rights laws supercede state law.[11] And as Jay Heubert (1997), attorney and professor of education at Teacher's College, Columbia University, points out:

> Federal disability law affects central aspects of charter school education -- curriculum, pedagogy, hiring, use of staff, school discipline, and budget priorities -- at least as much as any other kind of government regulation. (pp. 303-304)

The Massachusetts and Texas charter schools in this study manage their own administrative responsibilities and are therefore deemed "local education agencies." This means they need to carry with them all the responsibilities of a district. Complying with all aspects of federal civil rights law means being willing and able to educate virtually any child that comes to their door.

Finally, the role of politics can not be understated. Several authors have noted the pivotal role and often unpredictable influence politics can have in shaping or derailing systemic reform efforts (Fullan, 1992; Elmore, 1997; and Hill et al, 2001). In the states studied herein, the competing interests within business, labor, and the legislature controlled the growth and autonomy of their respective charter school founders.

The next chapter addresses my first research question: *What are the organizational capacity needs of charter schools?* If the intent of an accountability system is to improve the performance of the system, then the first step is to understand the problems the system is meant to fix. The subsequent chapters will explore how or if the working model described in this chapter of opportunities, capacity and incentive address these challenges. In reviewing the Massachusetts and Texas oversight models the reader should be asking, what is the incentive structure? Will these incentives encourage the development of organizational capacity and internal accountability? Do schools have reasonable access to capacity-building resources? Do schools in each system have the opportunity necessary to excel?

Endnotes

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[1] All 50 states now have some form of state testing program although Iowa does not have state standards (Geortz, 2001). Eighteen of them are considered "high stakes" accountability systems, i.e., states that tie significant consequences to poor test performance, e.g., state receivership or reconstitution (Education Counts, 2000). Massachusetts and Texas are two of the fourteen states that have high-stakes testing and charter school laws (Education Counts, 2000 and USDOE, 2000).

[2] Richard Murnane and Frank Levy (1996) offer five common principles from "best practice firms:"

1) Ensure that all frontline workers understand the problem.
2) Design jobs so that all frontline workers have both incentives and opportunities to contribute to solutions.
3) Provide all frontline workers with the training needed to pursue solutions effectively.
4) Measure progress on a regular basis.
5) Persevere and learn from mistakes; there are no magic bullets (14).

[3] Hill et al. (2000) analyzed seven major cities (Chicago, New York, Seattle, San Francisco, Memphis, San Antonio, and Boston) through this analytic frame of "opportunity, incentive, and capacity."

[4] The rewards for high performance might range from a cash allowance to increased flexibility. The penalties or sanctions for low performance could range from the bad publicity associated

with the public reporting of scores to complete dissolution of the school in the form of reconstitution.

[5] For example, the passing score on the Massachusetts Comprehensive Assessment System, MCAS, is a scaled score of 211, one point above failing.

[6] Relying *solely* on state tests as the sole measure of charter school performance is problematic for several reasons. One, charter schools are generally small (average enrollment of 200) and can have high turnover rates (up to 55% in some Texas charter schools). These two factors create test data that are highly variable. Two, charter schools are young, the average charter school is three years old (USDOE, 2000), so poor initial test scores may reflect developmental challenges rather than core problems with teaching and learning.

[7] Cremin (1961) (as cited in Elmore, 1996) points out that reformers often have unrealistic expectations of what teachers can do. Cremin writes: "From the beginning progressivism cast the teacher in an almost impossible role: [she] was to be and artist of consummate skill, properly knowledgeable in her field, meticulously trained in the science of pedagogy and thoroughly imbued with a burning zeal for social improvement...the gap between the real and the ideal was appalling" (p. 168).

[8] "Independence" in this instance is defined as legal independence from the district. Because charter schools manage the majority of the administrative duties of the school, they are considered the "local education agencies" (LEA), and are responsible for the reporting as a district, e.g., special education services.

[9] See Coleman J.S. (1972) and Jencks and Phillips (1998).

[10] The state constitutions in Texas and Massachusetts delegate the primary responsibility of public education to their respective state legislatures, i.e., Texas Constitution, Article 1, section 7 and Massachusetts Constitution, Part I, Article III, respectively.

[11] Federal laws relating to special needs students are Title II of the Americans with Disabilities Act, Section 504 and the Individuals with Disabilities Act (IDEA). See Heubert (1997) for legal review of charter schools and special education compliance.

Chapter 4: Autonomy: Understanding The Organizational Needs of Charter Schools

School reform efforts often focus on the external levers necessary to push schools improve, but they often ignore how schools actually work (Tyack & Cuban, 1997). This chapter examines the needs of charter schools in an effort to highlight the areas where authorizers should focus their efforts.

IMPROVING SCHOOLS FROM WITHIN

To address the problem of improving charter school performance, one must first understand that government accountability is just one of the many demands on charter schools, and perhaps not even the most important one (Abelman & Elmore, 1998). Wohlstetter et al. (1995) and Hill et al. (1999) describe the complex web of accountability relationships confronting charter school leaders as "multidimensional accountability." Unlike public schools within a district, charter schools, as semi-autonomous entities, have the authority and need to negotiate directly with vendors, teachers, parents, funders, their governing board, their authorizer, and other governmental entities.

In addition to this multi-faceted set of expectations, based on the argument described in the previous chapter, it is reasonable to hypothesize that 1) schools are more likely to improve from within rather than without;[1] and 2) that faculty must use the building blocks of organizational capacity (teacher professional knowledge and skills, effective leadership, as well as fiscal and curricular autonomy) to cohere around a common mission and a set of school-developed expectations in order to produce a high-quality educational experience (Abelmann & Elmore, 1998; Bryk & Lee, 1993; and Newmann, Smith, Allensworth, and Bryk, 2001). In short, Newmann, Rigdon, & King (1997) theorize that schools with high levels of organizational capacity and internal accountability should produce strong academic gains.

If Newmann et al.'s (1997) theory is correct, common state standards will have little impact on classroom experiences unless those standards are consistent at least in part with the unique expectations of each school. In fact, their data suggest that strong external systems might actually "mitigate the development of organizational capacity" (p. 54) if a school's internal expectations are in conflict with a state's external standards.

Given these findings, what if anything can government do to encourage the creation of high-performing school systems? Newmann et al. (1997) suggest that state agencies can do the following:

- build organizational capacity through provision of technical resources (including aiding in the formulation of high standards for curriculum and student performance),
- provide professional development to enhance teacher knowledge and skill, and
- deregulate schools to strengthen school autonomy (p. 48; also see Newmann & Wehlage, 1995).

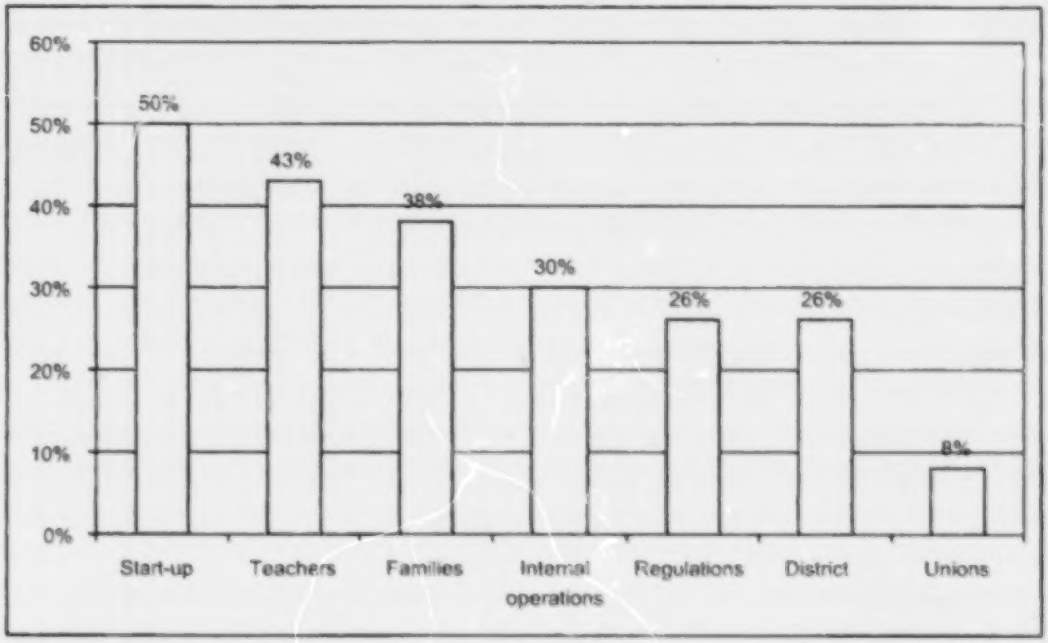
Autonomy is a double-edged sword. My data revealed that charter school leaders in these two states felt significant fiscal and curricular autonomy and that the faculty in those schools generally had a strong understanding of their school's mission. However, my data also clearly indicate that with increased independence comes a significant new set of responsibilities. Further, the data indicate that in some cases, these added responsibilities impinge upon the core functions of schools: teaching and learning. The literature has generally focused on the problems related to start-up funding and facility financing. My research suggests that there are at least three other significant challenges to the organizational capacity of charter schools: heavy administrative costs; poor training and support for teachers; and limited leadership and governance capacity.

THE NATIONAL PERSPECTIVE ON CHARTER CHALLENGES

The National Fourth Year Study of Charter Schools (RPP, 2000) reported data from a survey in which they asked schools to rate the difficulty of each of 30 barriers from 1 to

5, with 1 being not difficult at all and 5 being very difficult. In reanalyzing this data, Mary Beth Celio folded these 30 barriers into the seven categories above (start-up, teachers, families, internal operations, regulations, district, and unions). The percentages in Table 4A represent the percentage of schools that rated these categories difficult or very difficult.

Figure 4A. Barriers to Implementation. This figure provides a summary of the 7 major obstacles to implementation reported by United States' charter school leaders in 1998.



Source: USDOE, 2000; Celio, 2000.

Charter school leaders ranked the following issues as challenges to implementation:

- *Start-up* (50%) – inadequate financing, lack of planning time, locating facilities, and community opposition.
- *Teachers* (43%) – difficulty in hiring and retaining teachers.
- *Families* (38%) – lack of parental support, poor communication, difficulties in recruiting students.
- *Internal operations* (30%) – weak internal processes, poor communication among faculty and administration, high administrator turnover.
- *Regulations* (26%) – time-consuming accountability requirements, federal and state

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regulations.

- *District* (26%) - district/central office resistance or conflict.
- *Unions* (8%) - collective bargaining agreements, union resistance.

These data reflect the findings of several researchers on this topic, namely, that "buildings and bucks" are the primary concern for these fledgling start-ups (Loveless, 1996; Finn et al., 2000).

Issue 1: Buildings and Bucks

The importance of the facilities and financing problems can not be overstated. This basic difference between charter and district schools colors every decision a charter school board makes. If a charter school board can manage to get a lender to look past a school's limited collateral and the short time frame for loan amortization (usually five years), buying a facility puts the school in tremendous debt. That pressure to repay loans can influences financial decisions related to the selection of faculty and delivery of services.

The alternative, renting a facility, not only limits the physical space in which a school works, it leaves the board vulnerable to unscrupulous landlords willing to raise rents in tight housing markets. The daunting cost of renovating or building a new facility has caused most charter schools to rent rather than build, e.g., in Massachusetts 37 of the 40 charter schools in operation in 2000-01 (93%) were in rented or leased spaces.

Issue 2: Administrative Burden

The infrastructure required to run an independent public school is complex. Parent engagement (and student recruitment), internal operations, and regulations came up as the third, fourth, and fifth biggest barriers to implementation in the national charter school survey (Figure 4A). All of these functions could be folded into administration. Meeting the compliance requirements associated with civil rights laws was a critical challenge for many schools. The costs of administration in a Massachusetts charter

school are almost three times the percentage of expenditures allocated to a district school (21% versus 8%). This encumbrance is not often cited in the literature, but it is an important part of the charter school tradeoff; with the increased autonomy of charter status comes an increased administrative burden.

This national survey data (Figure 4A) is helpful, but it has limitations. Namely, it a) only provides the insights of the school leader, and b) represents a single snap shot in time. Because schools are complex, evolving organizations with many stakeholders, case studies of individual schools provide a richer understanding of the issues charter schools face.

A CLOSER LOOK AT SIX SCHOOLS

I examined three charter schools in Massachusetts and three in Texas. (A profile of each of the schools in my sample and detailed description of the selection process is provided in Attachment 2.). These schools were selected based on their relative performance on state tests. Recall that for the purposes of this study, the "exemplary" charter school in Texas was labeled "TX-A," the "acceptable" school was labeled "TX-B," and the "low-performing" school was labeled "TX-C." The three Massachusetts schools were similarly labeled -- "MA-A", "MA-B", and "MA-C".

A review of the demographic data illustrates that the six schools are generally consistent with the state and national trends described above (see Attachment 2 for details). On average, the schools:

- are small (even MA-B, which serves 688, is still relatively small in that, on average, it only has 58 students per grade); and
- are serving, on average, a higher percentages of African-American, Latino, and low-income students and lower percentages of special needs and bilingual students.

However, the demographic composition of some of these schools differs considerably from their district averages. For example, while the average African-American student

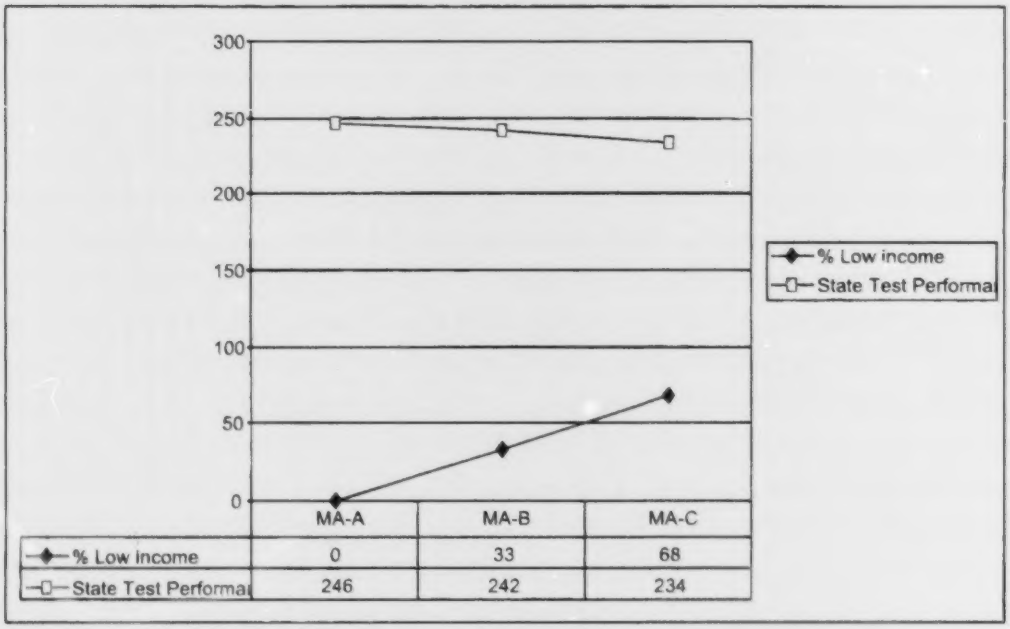
population was 33% in the district, MA-C had an African-American population approaching three times that percentage, i.e., 89%. Similarly, TX-B had a Latino population that was nearly double that of the state average, 96% versus 54% in the district. The inverse was evident at TX-A. While the district average for white students was 44%, TX-A had a student population that was 80% white. These differences in demographics among charter schools and their district averages can have important implications for measuring performance.

Understanding the School Labels

The designations of the school, e.g., MA-A versus MA-C, indicate how each of these schools did relative to the state average on the MCAS in Massachusetts or the TAAS in Texas. That is, MA-A and TX-A have the highest average performance of the three Massachusetts and Texas charter schools in my sample, respectively. However, it is not clear that MA-A is necessarily performing better than MA-C. Coleman and others (1972) (also see Jencks, 1997) have demonstrated for thirty years that test scores generally reflect the students' backgrounds rather than how well a school serves children.

Figure 4C, a graph of the percentage of low-income students across the three Massachusetts schools relative to their average eighth grade MCAS scale scores in 1999-2000, reflects this research. The graph shows that the higher performing MA-A also had virtually no low-income students. Conversely, MA-C, with 68% of students on free and reduced lunch, performed substantially lower on the MCAS. Thus, the demographics and accompanying MCAS scores of my three Massachusetts schools serve to reinforce the finding that there is an inverse relationship between poverty and performance.

Figure 4C. MCAS Scores vs. Percent Low Income. This graph summarizes the scaled scores of the three Massachusetts charter schools in my sample on the eighth grade English Language Arts exam (spring 2000) (top line) relative to the percentage of low

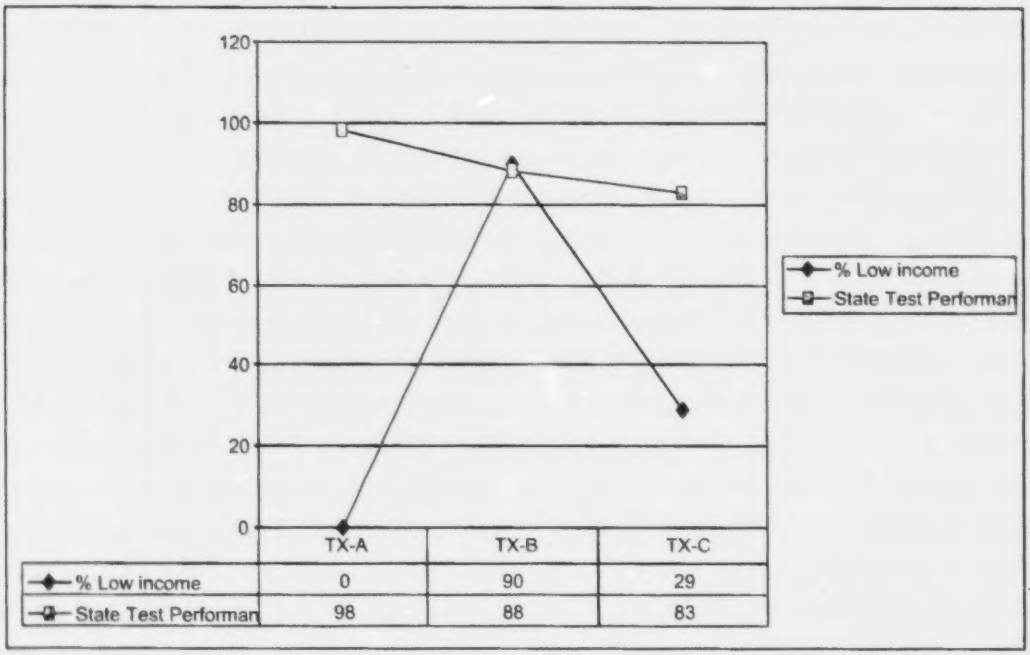


	MA-A	MA-B	MA-C
% Low income	0	33	68
State Test Performa	246	242	234

income students in the schools.

Interestingly, while the data across the state of Texas follows this general pattern (see Just For the Kids website, Just4Kids.org), the three schools in my Texas sample do not. While TX-A, with no low-income students and the highest performance (98% of the students passing the eighth grade literacy portion of the TAAS) fits the pattern, TX-B and TX-C, are atypical (Figure 4D). TX-B, in an urban barrio and serving a population of students that is 90% low income, had a higher passing rate than TX-C with nearly a third the number of low-income students (29%). The analysis of organizational capacity that follows helps to explain why TX-B may have had a higher than expected passing rate and why TX-C appears to have struggled.

Figure 4D. TAAS Scores vs. Percent Low Income. This graph summarizes the percent "proficient" or "advanced" of the three Texas charter schools in my sample on the eighth grade English Language Arts exam (spring 2000) (top line) relative to the percentage of low income students in the schools.



	TX-A	TX-B	TX-C
% Low income	0	90	29
State Test Performan	98	88	83

While these designations may not reflect how well a given school serves students, these designations do serve as triggers in state accountability systems and as such, represent important conditions to examine. That is, higher performing schools, like TX-A, will be eligible for positive incentives such as additional funding, while low-performing schools, such as TX-C, will be operating under the threat of sanctions such as the loss of its charter. Understanding how these designations influenced school efforts to improve is important to the analysis that follows.

Measuring Organizational Capacity

The measure of organizational capacity used in this study builds on the tools developed

by Newmann, King, and Rigdon (1997). The rubric is explained in more detail in Attachment 3, but the basic components are 1) teacher's professional knowledge and skills; 2) effective leadership; 3) fiscal and curricular autonomy; and 4) coherence of mission. Based on the rubric in Attachment 3, each school was scored on a scale of 1 to 3, 1 being the lowest and 3 being the highest,

Table 4C. Organizational Capacity of Six Charter Schools. This table summarizes the organizational capacity of the six schools in my sample. The ratings are based on the rubric explained in Attachment 3.

Organizational Capacity	MA-A	MA-B	MA-C	TX-A	TX-B	TX-C	Average
Teachers' professional knowledge and skills	2	1.5	1.5	1.5	1.5	1.5	**1.6**
Effective leadership	1.5	1	1.5	3	2	1	**1.7**
Fiscal and curricular autonomy	3	2	3	3	3	3	**2.8**
Coherence of mission	3	3	3	3	3	1	**2.7**
Composite Score	**9.5**	**6.5**	**9**	**10.5**	**9.5**	**6.5**	**8.7**

This analysis suggests that the charter schools in my sample had reasonably high levels of fiscal and curricular autonomy (average of 2.8) and with the marked exception of TX-C, coherent missions (2.7).

In contrast, these schools had limited teacher professional skills and knowledge and inconsistent leadership as defined in the rubric. These two issues surfaced in the national survey data above (43% of charter school leaders reported difficulty in hiring and retaining teachers and 30% reported problems with weak internal processes, poor communication among faculty and administration, high administrator turnover) and these issues became even clearer in the case studies.

Issue 3: Teacher Training and Retention is Poor

Table 4C indicates that the average score in relation to teacher's professional knowledge and skills was 1.6 out of a possible 3. Five of the six schools (MA-B, MA-C, TX-A, TX-B, and TX-C) scored 1.5, while MA-A scored 2.

Charter Schools Were Able to Attract Talent

MA-A teachers had the highest score in this area because, while their faculty was generally young, they had several veteran teachers and their content knowledge was strong. The Massachusetts Department of Education's site visit team notes:

> Broadly educated and talented teachers are devoted to the personal and intellectual development of their students....MA-A students profit immensely from close contact with and coaching by a young, energetic faculty who hold multiple degrees from highly prestigious liberal arts colleges and universities. An additional cohort of...interns, mostly from Harvard, reduce already low teacher-to-student ratios even further.

High Teacher Turnover Rates

However, MA-A did not warrant a score of 3 for two reasons. First, there was a high turnover rate among the staff. The renewal visit report states:

> A unique curriculum, constant student coaching and democratic decision-making at the school exhausts even the heartiest. Only a few founding faculty members remain at [the school], and one reliable estimate places end-of-year faculty attrition in the Math Science and Technology domain at *nearly fifty percent*. (emphasis added)

High turnover rates erode a school's ability to build internal accountability, i.e., a shared set of norms and expectations. A MA-A teacher highlights how the many demands of an independent public school can be overwhelming and how the impact of teacher turnover affects the organization. He says:

> It's really hard...it's easier as a young single person...especially for the first couple of years, [this] was my life. So, now I'm pulling away – I don't have to spend as much time – I'm finding a balance. It's hard because a lot of people have come here over the years and then left. The turnover is not good for the institution and it's not good for the people who stay here because for example, in my group of six, we had three new people this year. Just to create a new group dynamic is difficult.

Uncoordinated Professional Development

The second reason MA-A received a score of 2 rather than a 3 was because its professional development efforts were generally unfocused. The faculty did receive a month's paid professional development time during the summer to develop an interdisciplinary curriculum, and the school is constantly redesigning its curriculum, which can be seen as professional development. However, the institution spent less than 1% of its budget on professional development and my interviews suggested that the use of those dollars was not well-aligned with the school's mission. A comment by a MA-A teacher reflects how most teachers responded to the question, "How are you supported as teachers?"

> [MA-A] is very open and supportive...but it's still up to us to initiate it or to do the application. I just need to take more initiative probably.

The other five schools followed a similar pattern. The schools often attracted well-educated and passionate educators, but the conditions at the schools were often not conducive to their long-term development. The five other schools had teachers with limited experience (about five years or less) and high turnover rates. Certainly, young teachers can be as or more effective than more veteran teachers, often bringing energy and creativity to their schools. Independent schools have been thriving for decades on younger teachers willing to put their hearts and souls into their work. However, this high-energy output without sufficient support results in teacher burnout and turnover. The three Texas schools in my sample had turnover rates ranging from 22% to 56%.

Given the limited classroom experience of many charter school teachers, one might have expected professional development to be a priority. However, my data suggests otherwise. On average, the charter schools in my sample spent about 1 to 2% of their budgets on professional development (which was consistent with state averages for charter schools: 2% in Massachusetts in 1995-96 (Herdman and Millot, 2000) and 2% in Texas in 1998-99 (TEA, 2000, Part Two)).

More important than the size of the allocation is how these dollars were utilized. My observations suggest that most of the schools used their resources in the same "drive-by workshop" approach that district schools traditionally do. Five of the six schools (all but TX-C) did dedicate a significant amount of professional development time to summer training focused on their school's educational model; however, throughout the year, training was generally sporadic and uncoordinated. For example, a second-year teacher from TX-A described his professional development opportunities as follows: "As far as developing, we are open and entitled to whatever the regional service center has – just like any other school. I don't feel like I'm missing anything." There was no indication in any of these schools, perhaps with the exception of MA-B, which was tied into the EMO's training plan, that they were using their autonomy to align their resources and training toward a common mission.

There at least two economic factors that help explain why charter schools often hire less-experienced teachers and do not invest a significant amount into professional development. First, because these schools have so many start-up costs, governing boards have an incentive to hire less experienced and thus less costly faculty. Second, because the competing costs are high (e.g., facilities), professional development becomes deprioritized.

These observations about teachers and their training highlight a promise and a challenge

of charter schools. The promise is that the teachers I met were generally well-educated and passionate, often drawn to the idea of starting something new. The same second-year teacher from TX-A quoted above said of his heavy workload,

> A lot of people in education know it is a…battle zone. Not everything is going to be handed to you….It is really something you have to attack and take on and be passionate about….I trust what I do, I trust the goal of this school and that motivates me a lot.

However, the challenge is to work within the existing financial constraints to developing systems that support and retain these motivated teachers. The pattern of teacher burnout, combined with insufficient professional development, across all six schools does not bode well in the long term for building the organizational capacity these institutions will need to be consistently high-performing schools.

Issue 4: Leadership and Governance Are Inconsistent

The average score was 1.7 on the effective leadership criterion. One school (TX-A) had a score of 3, three schools had a score of 2 (MA-A, MA-C, and TX-B), and two schools had a score of 1 (MA-B and TX-C), Table 4C.

A Strong Board and a Broad Skill Set

TX-A had the strongest leadership structure. The board was well balanced (with legal, business, and education expertise), and the administrative team consisted of leaders with both business and educational expertise. The school director is an attorney with management experience, and she has hired educational leaders for the upper and lower schools. She explained her history this way:

> I was one of the founders of the school and on the board for the last five years. This year -- because the challenges we had were not…curriculum-driven -- the board asked me to come in and help. We had a lot of educators interested in curriculum and teachers with a lot of passion and talent, but we didn't have human resource capabilities and definitely lacked facilities and finance

infrastructure.

This principal was able to set up a human resource plan and secure bond financing for a new facility.[2] Her careful attention to the finances of the school will certainly have short- and long-term benefits for the TX-A students. For example, at the moment, TX-A is able to dedicate 69% of its budget to the classroom, as compared to TX-B (57%), TX-C (27%), and the state (58%). Long-term facility financing will free up resources each year that can also be plowed back into the school, rather than being lost in interest or lease payments.

The Right Leader at the Right Time

TX-B's performance may have benefited from strong leadership as well. Teachers described the first few years of the school as "chaotic." The one remaining teacher from the original cohort said:

> The initial leader of the school meant well, but she wasn't organized, we [the teachers] were all on our own. Everyone was doing something different; we couldn't get supplies…it was a mess. [Maria] came in two years ago and things have stabilized. Teachers are staying longer because we know what is expected and we get help when we need it. She gives all the teachers the goals for the week by grade level – we helped establish these goals – but she makes sure we are in sync on each grade level so there aren't any gaps.

The TX-B leader had a different skill set than the one in TX-A, but she appears to have been the right person for the needs of that school.

The Leadership Void

In contrast, TX-C went bankrupt in the fall of 2000 largely due to its poor leadership. The school grossly mismanaged its resources and had no clear oversight at the board level. TX-C was founded by one of the pioneers of the charter school movement in the state. Unfortunately, the governing board did not provide the school with adequate fiscal guidance. This was due in large part to the fact that the board had no

administrative distance from the school's day-to-day operations. The founder's wife sat on the board and the founder himself was the board chair.[3] Even prior to the school's closure for being $1.5 million in debt, this poor leadership clearly had a negative impact on the school's learning environment. One example is in how resources were allocated. The ratio of classroom to administration expenses was 1:1 in TX-C (as compared to 7:1 in TX-A). The moral in the TX-C story is that governing boards play a critical role.

Alternative Solutions to the Problem of Inconsistent Leadership

Charter schools are often seen as leader-dependent organizations because they are independent from local governments. However, my data revealed that some schools performed at relatively high levels despite poor or inconsistent leadership. For example, MA-A and MA-B both have had five principals in as many years, yet MA-A had some of the highest MCAS scores in the state and MA-B was recognized as an exemplar school by the state for its MCAS gains in 2000. MA-A scores could reasonably be dismissed by the fact that the students would have done well in any setting because 94% were white and less than 1% were low income (Attachment 2). However, my observations suggest, and the state's site visits support the fact, that there is a clear ethos of excellence at the school, a consistent internal accountability. This can be attributed to a steady and thoughtful board and a commonly understood set of pedagogical principles. Despite annual turnover at the school, the teachers that worked there knew what the guiding principles of the school were before they arrived. In short, at this school, effective leadership developed collectively rather than being embodied in a single person or executive team.

In MA-B, the leader has turned over annually for the last five years and the board has been cited in state site-visit reports as being "micro-managing." In this case, the school appears to have been able to maintain a sense of academic consistency because of the structure and support provided by the EMO. For example, when the school was in transition between principals or trying to train a new principal, the EMO hired the principle of a second, more successful, charter school in Massachusetts to serve as a

principal mentor or coach. This said, the lack of effective leadership in the day-to-day management of the school had a direct bearing on the faculty and students. One MA-B teacher said:

> It was huge. I mean if [the EMO] did not act on the last director, I would not have returned next year....This school was in chaos, it was in crisis management...it was a complete meltdown....There was no follow through....Even if you went and did the work and did the memo and did the meetings and everything else and were met with "Absolutely!" – that could be the last you heard of it. And the kids felt it because it was a very agitated atmosphere, it was a very bipolar kind of operation....Being in a banquet hall for 19 weeks is pretty egregious....I said, "I cannot teach here. I'm doing the best that I can – my kids are not learning here." It was a ridiculous expectation. So, did it affect them? Profoundly, every day.

Governing an independent public school is a formidable task. With more opportunity comes more responsibility and greater need for capacity building. All six of the schools had turnover at the principal level and most had problems clarifying the roles and responsibilities of their governing boards. In the first four years of operation, the number of principals at schools in my sample ranged from a high of five (MA-A and MA-B) to a low of two (MA-C, TX-A, and TX-B). With the exception of TX-A and MA-A, the other four governing boards appeared to have problems in clarifying their role[s] and/or finding members that had the requisite experience and competence to manage these schools.

These findings point to four larger issues. First, the data indicate that finding governing boards with the competence and skills to manage a large number of public schools is a challenge. Second, the skill set required to run these schools differs from a traditional school and may require leadership from a team rather than an individual (e.g., TX-A). Third, that leadership can come in many forms, e.g., while MA-A relied on the steady vision of its board, MA-B used the help of its private partner. Fourth, the lack of

leadership in some form can be disastrous, e.g., TX-C.

Newmann et al (1997) hypothesized that schools would be more likely to build internal accountability, i.e., norms of excellence, if they had fiscal and curricular autonomy; mission-driven organizations; teachers with high levels of professional skills and knowledge; and effective leadership. In fact, Newmann et al (1997) state explicitly that charter-like schools, based on a mission and with significant local control, would be more likely to build internal accountability. However, because these assumptions were built on research done in restructuring schools within traditional school districts, the researchers may not have foreseen the challenges associated with creating schools that have significant fiscal and curricular control.

Autonomy Brings Unanticipated Challenges

The charter schools in my sample were autonomous and mission-driven, the first two components of the Newmann et al criteria. (The average scores of 2.8 and 2.7 out of 3 on my rubric, respectively, support this observation.) However, with that independence came unanticipated challenges. Because these schools were independent from their respective districts, they had to shoulder extensive start-up, facilities, and administrative cost as well as manage the complex governance issues associated with running a public institution of choice (e.g., developing a board, serving all students, and meeting the needs of parents). These financial and governance challenges may help explain why leadership effectiveness and teacher skills were relatively low in my sample (average scores of 1.7 and 1.6, respectively). That is, the demands that come with being an independent public school may serve to make the leadership challenge even more difficult and they may serve to deprioritize the allocation of resources to the core enterprise of schooling: classroom instruction.

An important related point is that a school's capacity is not a function of time. As my case studies demonstrated, all six schools varied considerable in terms of their capacity despite being operational for roughly the same amount of time. Having autonomy may

enable charter schools to develop internal accountability, but it does not ensure it. Policymakers should understand this variance and develop strategies to address it.

Charter schools represent a tipping of the scales of governance from central toward local control. However, with this shift, there needs to be an understanding about what elements of schooling should be controlled centrally and what should be controlled at the school level or as Elmore (1993) states, "what is loose and what is tight?"

The intent of this chapter was to illuminate how charter schools work as organizations in an effort to inform how authorizers can use their limited resources to improve these schools. The challenge is how government can work to facilitate charter school growth in these areas. The next chapter pulls the lens back and examines the actions of the authorizers. It examines the key policy decisions that have affected the trajectory of their respective charter school initiatives. In so doing, I return to the analytic frame of opportunity, capacity, and incentives to examine those decisions and their associated tradeoffs.

Endnotes

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[1] See the following for a discussion of building capacity: Spillane & Thompson (1997); Darling-Hammond, 1993; and Century, 1999.
[2] TX-A was the first charter school in Texas to establish a credit rating and to secure bonds.
[3] This weak board construction was likely a remnant of the original law which said that the CEO was the grantee. The legislature's emphasis on improving the board structure did not come until two-three years after TX-C was operational.

Chapter 5: Opportunity and Capacity

This chapter examines the opportunity or flexibility available to charter schools and the capacity authorizers provide in helping schools meet the challenges raised in the previous chapter.

The major findings in regard to the opportunity and capacity of the schools in my sample were:

1) Charter schools had significant curricular and fiscal autonomy, but feared that those freedoms were becoming re-regulated over time.
2) Autonomy may be an enabling condition for success, but it does not ensure it.
3) Authorizers have limited capacity to help address charter school challenges.
4) A broad set of public and private partners is essential to the support of charter school initiatives.

OPPORTUNITY: CORNERSTONE OR CHIMERA?

Opportunity as Cornerstone. Nationally, most charter schools report having high levels of control over a wide array of school operations. The National Charter School Study, Fourth Year Report (2000), found that charter school leaders had primary control over their administrative operations, including budget (73%), purchasing (88%), and hiring of teachers (88%). Charter school leaders also reported generally high levels of control over their education program, including scheduling (95%), curriculum (83%), and student assessment (72%).

Charter leaders in both Massachusetts and Texas charter schools reported high levels of autonomy (Celio, 2000). My case studies tended to support this finding (the average across the six schools was 2.8 out of 3). Moreover, the stakeholders at these schools consistently stated that the freedom afforded to them as a charter school -- e.g., the ability to make fiscal and human resource decisions about the design of their school --

was the most powerful part of their charter status.

What did they do with this freedom? Some used it to hire mid-career professionals who were very skilled but unwilling to go through the state's teacher certification process, e.g., a professional writer at MA-A or a former electrical engineer at TX-C. Some, like MA-B, used their freedom to bring the international experience of an educational management organization (EMO) to the children in their community. Others, such as TX-B and MA-C, used this opportunity to create a school around specific populations of students that were not being well-served in their communities, e.g., low-income African Americans in the case of MA-C and Latino immigrants in the case of TX-B. Still others saw their charter as an opportunity to bring a new level of academic rigor to their communities, e.g., TX-A's focus on the International Baccalaureate. In short, the six schools in my sample saw autonomy as a critical component of the charter school experiment and a key difference between them and their district peers.

Opportunity as Chimera. While autonomy is a cornerstone of the charter's "basic bargain," some found that there were more limitations on their flexibility than they anticipated. Compliance with federal disability law was perhaps the biggest hurdle. As the primary administrators of special education services at their schools, open-enrollment charter schools in Texas and Commonwealth charter schools in Massachusetts, are their own Local Education Agencies (LEA). This means that these schools have the benefit of controlling their own resources and the responsibility of meeting the same reporting requirements as a district. However, unlike districts that have had decades to build institutional knowledge on how to comply with federal civil liberties law, charter school leaders are often starting from scratch. The principal of TX-A described the steep learning curve and the heavy reporting demands this way:

> When we first got started they said we could design our own curriculum, do all these things that you didn't have to do in a public school and then "wham!" Special Ed is a major issue here and...we can't deviate from the norm on that. We can't come up with our own program as far as using the federal money. We need something that will help us through the maze of paperwork. The

paperwork is phenomenal!

Charter school leaders in both states argued that their authorizers were gradually drawing them back into a system of oversight by compliance rather than performance. The upper school principal of TX-C describes his concern about the increasing loss of control this way:

> What I've seen is that they want us to have freedom and uniqueness, yet more and more they're wanting us to comply with the commissioner of schools. That's what's happening if you want to know in a nutshell what's happening in Texas. We've been granted charters and uniqueness, but [it seems the TEA is saying,] "we're going to have to start keeping them in a box..."

In Massachusetts, a founding board member from MA-A argues that the increasing importance of the Massachusetts Comprehensive Assessment System (MCAS) is working to erode the original freedoms established in their charter. She said:

> I think Massachusetts has a pretty good balance [between autonomy and accountability]. It's shifting all the time so I can't say that the balance today is the same as the balance yesterday. When we put in our charter there wasn't MCAS and the state framework. So that's not in our charter and then suddenly some regulatory committee says you have to [respond to this]...The more Massachusetts shifts in that direction, the less good the balance is.

Finally, a parent in TX-A suggests that the lack of clarity in the regulations may be causing schools to "over comply."[1] That is, charter leaders may be designing policies within tighter constraints than the ones they are required to meet. She said:

> If we are not going to be forced to live by these rules, then tell us that! But give us the rules. You can go anywhere between here and here. You're not really sure which step to take. A lot of times when you have much younger administrators who may not have had much experience with Austin, they tend to not want to step because they have seen their colleagues get their hands slapped so horribly that they are afraid to move and so therefore we stay still.

In sum, the flexibility provided to the charter school leaders in my sample enabled them to have the "fiscal and curricular autonomy" that Newmann et al. (1997) argued was essential to building organizational capacity. However, my findings also suggested that this freedom was perhaps not as broad as charter school founders anticipated and may be narrowing over time.

Based on my school-level case studies, this freedom appears to be a basic enabling condition. Without it, the schools could not align their resources around a common mission or respond to their community's needs. However, as TX-C exemplified with its uncoordinated use of resources and ultimate closure, school-level freedom does not automatically lead to increased organizational capacity. The critical issue in regard to opportunity and its influence on a school's organizational capacity appears to be in how that flexibility is used. School-level opportunity *enables*, but does not *ensure*, the improved use of resources and subsequent improvement in a school's organizational capacity.

CAPACITY: MAXIMIZING PRIVATE AND PUBLIC SUPPORT

In discussing charter school accountability, there are school-level and authorizer-level capacity issues. As discussed in the previous chapter, these semi-autonomous public schools face some of the same issues district schools confront (e.g., teacher training and inconsistent leadership) as well as a few that are unique to charter schools (e.g., facility financing and start-up funding). The authorizers, located in their respective state capitals of Boston, Massachusetts, and Austin, Texas, face the additional challenge of how to support these schools from afar with limited budgets.

Authorizers and Their Limited Capacity

Once the charter school laws were enacted in Massachusetts (1993) and Texas (1995), state authorizers were charged with interpreting those laws and implementing them as policies. They needed to develop regulations for how to select, monitor, and evaluate

charter schools.

The Massachusetts and Texas departments of education are broken into clusters of cubicles based on different pots of funding or specialization, e.g., Title I, Special Education, or after-school funds. Over the decades, each unit has developed its own vocabulary as well as tight guidelines specific to their funding stream. In this culture that one authorizer described as "compliance land," authorizers are asked to do something that is difficult to quantify or codify – use their judgement. They must make *subjective* decisions about the potential of a charter applicant's proposed educational and business plans. Ultimately, authorizers are charged with deciding whether a school was "successful" during its five-year charter. In this risk-averse culture, the job of an authorizer is indeed enigmatic and uncharted territory.

Authorizers are the proverbial "middle men." In both Massachusetts and Texas, the authorizers are part of their respective state agencies, the Massachusetts Department of Education (MDE) and the Texas Education Agency (TEA). As such, they are agents of their respective State Boards of Education and legally beholden to (and funded through) the laws established by the legislative and executive branches of government.

In turn, authorizers oversee the charters they grant. They not only manage the distribution of state and federal funds to charter schools, but they are obliged to troubleshoot for them as well. It is the authorizers who field panicked calls from charter founders who have lost their facility just months before their students are set to arrive and will work with charter founders to help to clarify their tax status.

The authorizers in Massachusetts and Texas had much in common when they first began. Both states' authorizers wrote their first charter school applications in the mid-1990s (Massachusetts in 1994 and Texas in 1995) and both states began with 25 or fewer available charters (Massachusetts had 25 and Texas 20). At that time, there was a single point person and the equivalent of one or two full-time employees who staffed the respective offices. In Massachusetts, Secretary of Education Piedad Robertson

designated Virginia Grieman chief counsel for the office, and assigned two half-time analysts to head up the drafting of the original charter regulations. In Texas, Brooks Flemister worked with one full-time assistant to get the Texas charter initiative off the ground.

Because neither state dedicated significant additional funds to manage these initiatives, both offices were funded in large part by federal charter school funds. Also as a result of limited funds, both charter school offices (called Charter School Division in Texas) stayed relatively small through 2000. Each office had a director (or Associate Commissioner in Massachusetts) and two or three staff.[2] However, in 2001, both state charter school offices have increased their staffing considerably. The Texas Charter School Division now consists of the director and nine other staff and the Massachusetts office has increased its staff to seven full-time members. It was through these small administrative offices that the initial charter school founders worked to create their "dream schools."

Capacity-building Efforts

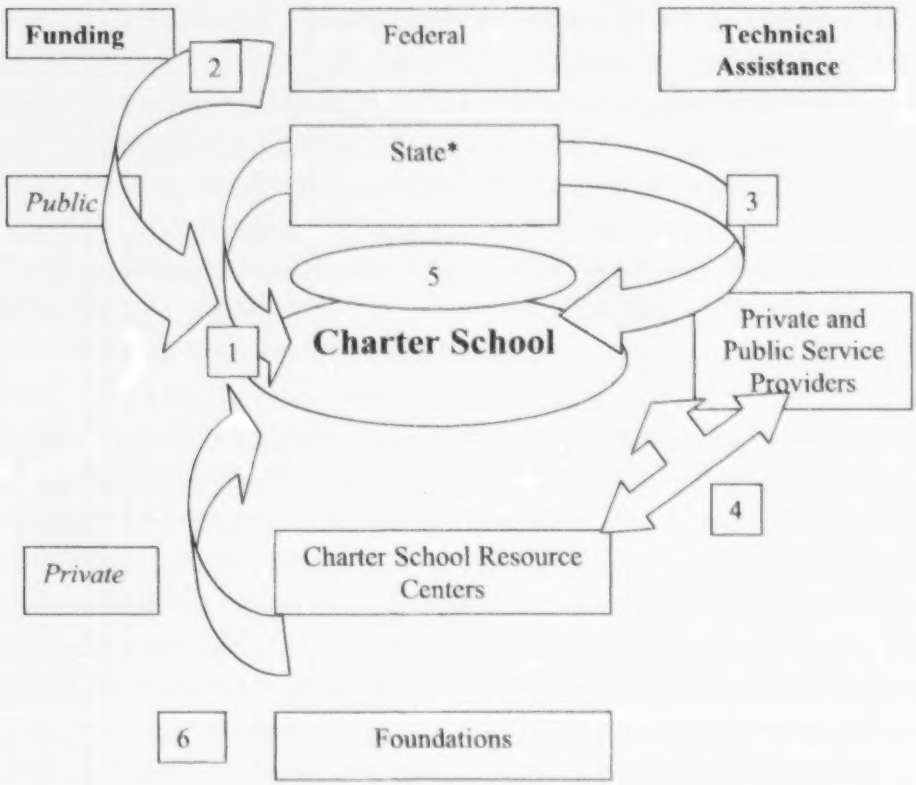
These authorizers had a limited ability to help (and in the case of Massachusetts, interest in helping) all schools they had sponsored. Philosophically, Massachusetts tended to not want to provide direct technical assistance to the schools they chartered because that office determined that providing such assistance might muddy the waters when it came to hold these schools accountable for performance. That is, if school X is failing and yet it complied with its authorizer's training request, then the authorizer might be in a bind when it comes to closing that school for poor performance. Moreover, even if an authorizer wanted to provide technical assistance, it would be very challenging logistically to meet all of their schools' needs simply because the authorizers could be hundreds of miles away from a given school. Moreover, authorizers generally don't have the resources to address all of the needs of charter schools. To review, the charter issues highlighted in the previous chapter were: facilities, start-up finding, administrative burden, poor retention and training of teachers, and inconsistent leadership and governance.

Therefore, Massachusetts and Texas charter school leaders utilized a rich mix of public and private providers to support their efforts. Figure 5E summarizes six capacity-building vehicles in Massachusetts and Texas charter schools:

1) Direct Authorizer Support

Direct central support from authorizers ("1" on Figure 5E) encompasses state programs designed to support charter schools. Fiscal support can come in the form of state funding dedicated for charter schools (e.g., state tuition or a facility financing fund) and site visits by state agency personnel can provide technical support.

Figure 5E. A Map of Capacity-Building Resources



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*Note: Districts are not included in this figure because while they provide significant support to many charter schools, they did not provide a significant amount of support to the state-authorized charter schools in my sample. The primary use of district services was through individual contracts, e.g., special needs or food services. This type of interaction falls under independent contracting (4 in Figure 5E).

Government has provided the primary financial support for charter schools (Table C, below). The state average cost per student in Massachusetts and Texas was the core funding source for most charter schools: 86% in Texas (UT, 2000) and 87% in Massachusetts (Herdman & Millot, 2000; MDOE, 2001). Further, as will be discussed in the next chapter, authorizers helped these schools identify problems via the site visit process.

Table 5C. Summary of Charter School Revenues. This table summarizes the state, federal, and other funding sources for the six schools in my sample.

School	State Tuition		Government Grants		Private	
	Amount	Percent	Amount	Percent	Amount	Percent
MA-A	2,290,152	83%	23,439	>1%	453,063	16%
MA-B	5,368,298	91%	327,577	6%	224,775	4%
MA-C	2,764,988	89%	18,100	>1%	167,342	5%
MA Charter Average		**87%**		**9%**		**3%**
TX-A	2,065,000	87%	0	0%	300,000	13%
TX-B	1,120,655	91%	98,520	8%	17,500	1%
TX-C	4,013,056	94%	250,000	6%	10,000	>1%
TX Charter Average		**78%**		**13.5%**		**7%**

Sources: Massachusetts averages are from MDOE, 2001 and the school averages are from independent financial audits of individual Massachusetts charter schools in 1999/2000. The Texas data is from PEIMS (2000) on the Texas Education Agency website.

2) *Indirect Authorizer Support*

Indirect authorizer support ("2" on Figure 5E) can come in the form of funds provided through federal pass-through grants or services provided through regional government

offices (e.g., Texas' 20 regional educational service centers), see discussion below, "Taking a Closer Look at Regional Service Centers."

The USDOE's charter school start-up fund has been instrumental in addressing a whole range of capacity needs.[3] The federal government has provided a considerable supplement (up to 13.5% in Texas and 9% in Massachusetts, Table 5C). The Public Charter Schools Program (PCSP) was established in 1994 and has provided a total of at least $12 million to Massachusetts and $24 million to Texas. With few restrictions, some schools used the funds to improve their libraries or buy software, while some used the funds to simply make payroll. Some schools have also have received direct grants from the federal government, e.g., TX-C was the recipient of a $500,000 award for disseminating best practices. In short, the federal charter school program was very useful in that, unlike many state and federal grant programs, it provided large sums of funding with few restrictions and reporting requirements (Herdman & Millot, 2000).[4]

3) Government Outsourcing

Government outsourcing is another valuable way to extend the capacity of a state authorizer ("3" on Figure 5E). An example of this is Massachusetts' use of a private, nonprofit organization to conduct the state's renewal visits.

Government outsourcing can provide excellent service but it can be expensive. The Massachusetts site visit contract enables the state not only to coordinate an oversight function that it simply does not have time to do, but it a) brings a collective skill set to the oversight process that the authorizer does not have, and b) it provides some political distance to the oversight findings. The obvious drawback to this contract is its cost. At roughly $19,000 per visit, providing renewal inspections for every school over several days for a growing number of schools becomes financially prohibitive.

4) Independent Contracting and Resource Centers

Independent contracting encompasses schools using their resources to purchase their own services from private vendors ("4" in Figure 5E). Newly created charter schools

purchase a range of back-office services from outside vendors (37%). In addition, a growing percentage of charter schools are managed by private management companies (such as MA-B), which provide services that range from administrative duties to educational and management functions (Hill et al., 1999).[5]

Independent contracting gives the schools full control of their capacity-building; however, it may not take full advantage of the economies of scale associated with group purchasing. In addition, relying on the resource centers for technical assistance largely alleviates the tension of an authorizer that has the potentially conflicting responsibilities of both providing services and evaluating a given school. The disadvantage of relying solely on charter school resource centers for technical assistance is that, as privately funded organizations, these resource centers may not feel an obligation, or have the capacity, to provide services to all schools. Further, if the economic markets take a downturn, and private dollars become tighter, it is unclear how long these Centers can continue to provide their services free of charge.

Charter school resource centers like those in Massachusetts and Texas also provide important services, often free of charge. Both states have charter school resource centers that provide a range of services, such as direct on-site training, information sessions for potential charter school applicants, coordinating conferences, and commissioning of research on charter-related topics. These resource centers are funded through private sources, so their services are generally free to charter school leaders.

5) ***Charter-to-charter support***

Charter schools are also beginning to help themselves ("5" in Figure 5E). In Massachusetts, individual schools developed cooperative arrangements with one another where they shared a special education specialist. In 2001, a newly created Massachusetts charter school association is looking to formalize and expand on this concept.

6) ***Private foundations***

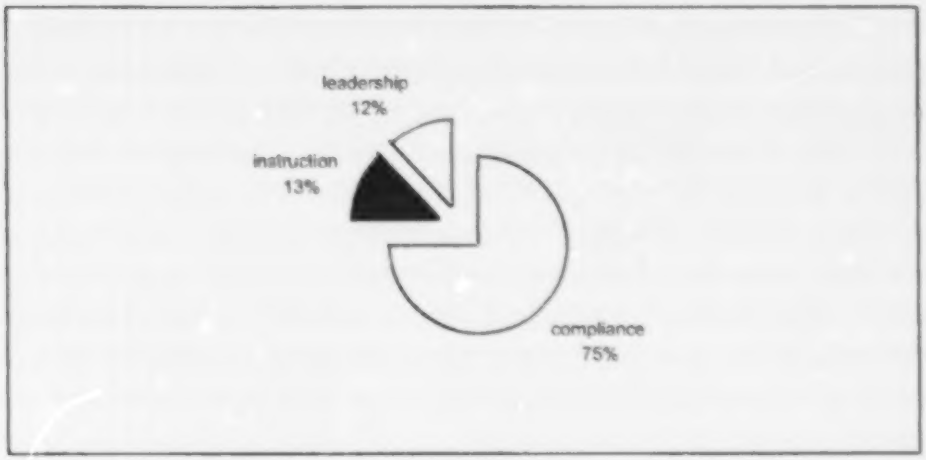
Private foundations have been very helpful in providing targeted resources to the charter schools in my sample ("6" in Figure 5E). For example, foundations such as the Annie E. Casey, Walton, and DeWitt Wallace have funded the development of school infrastructure and assisted in the charter school start-up process. Massachusetts and Texas charter school leaders have raised about 3% of the average charter school budget from private sources (MDOE, 2001; TEA, 2000, Part One, Table III.8).

A Closer Look at Regional Service Centers

Texas' regional service centers could play an important role in delivering technical assistance and professional development. (Massachusetts does not have an analog to the regional service centers.) Texas' 20 Regional Education Service Centers took some time to understand charter schools, but they appear to be making progress. In the spring of 2000, the three Texas charter school leaders in my sample commented that the state's charter school office and the regional service centers were helpful in providing information, but often were not quite sure how best to help. The director of TX-A summarized the support from the state and regional centers thus:

> I think they [TEA] need to have a support system in place even though the service centers try to do a good job. I think at times the [service centers] don't know what to do with this animal either -- the charter school.

Figure 5F. A summary of services provided by a Texas Educational Service Center. This chart summarizes the distribution of training provided to charter schools in the Houston area.



Source: Regional Service Center 4, Houston, Texas.

When told of this comment a year later, a charter school specialist from the education service center in Houston was not surprised. However, he insisted that while it took a couple of years for the service centers to get up to speed, they were now providing a significant amount of service to charter schools. He said:

> Early on, we were just told that we would be working with [charter schools]. We didn't have the staff for it and we didn't know what their needs were. However, now we have dedicated staff and do quite a bit of work with them. For example, I coordinate monthly meetings with all the charter school leaders in my region. They all don't come, but the ones that do seem to benefit.

In fact, a review of technical assistance provided by the regional service center serving TX-B shows that the center has been quite active. From August 1, 2000, to February 28, 2001, the service center had been in contact with the region's 46 charter schools nearly

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2,000 times (1,981). Most of those site visits or training sessions were focused on compliance training (75%, or 1,492) and more than a third were focused on the use of training of PEIMS, the Public Education Information Management System (805 sessions, or 41% of the total), Table 5F.[6] However, 13% (249) of the training sessions were dedicated to core service issues such as reading and language arts, and 12% (240 sessions) of the training was used to address infrastructure issues such as leadership development. More specifically, TX-B accessed this regional service center 96 times in 2000 and bought 27 professional development days.

Regional service centers could be valuable resources to the state and the charter schools. From the state perspective, they provide a vehicle for building charter school capacity across the state, something the Austin charter school office simply can not do in such a large state. In addition, because they are affiliated, but distinct from the TEA, they provide some distance between the capacity-building and accountability sides of state government. From the school perspective, if these Centers are providing high quality services, they have a low cost and local means of building their capacity.

Discussion of Capacity-Building Options

It is clear that the state authorizers do not have the fiscal or technical resources to meet these needs, therefore, how should government spend its limited resources? A range of private and public providers has filled the breach, but it is still unclear whether this patchwork of funding and services will be enough to help these schools thrive. Should government dedicate most of its limited resources to developing its incentive systems or does it have an obligation to provide technical assistance as well? If government does dedicate its resources to technical assistance, would schools see them as the best provider? What level of obligation does government have in providing charter schools with the financial resources necessary to contract out for these services, especially if government is competing for these contracts as well?

Each capacity-building source comes with trade-offs. Private grants can be larger than

government grants with fewer reporting requirements. However, private funds, or *soft money*, like other grants, are usually given to schools for a short period of time, generally one to three years, and thus should not serve as the foundation of a school's operating budget. Private providers have more of a motivation to provide a higher quality training opportunity, but they are generally more expensive than the public sector offerings. Texas' regional service centers were highlighted because they offer a subsidized-private answer to the technical assistance question and are available regionally. Thus, they have the potential of being a low-cost option of a high quality supply of services.

The next chapter examines the last leg of this three-part theory: the incentive structure. The focus will be on examining the costs and benefits associated with the quantitative and qualitative measures of student and school performance.

Endnotes

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[1] CPRE (1992) notes that "over-compliance" is common phenomenon.

[2] In Texas, there have been only two directors: Brooks Flemister (1995-2000) and Dr. Susan Barnes (2000-present). In Massachusetts there have been seven point people in seven years. The succession of personnel heading the charter school office from 1994 to 2001 is: Virginia Grieman, Lisa Blout, James Peyser, Paul Herdman, Scott Hamilton, Edward Kirby, and Susan Miller Barker. Ms. Barker vacated the position in 2000.

[3] The Public Charter Schools Program (PCSP) was established in 1994 to address the start-up costs of charter schools. As of 1998, the PCSP also allows federal support for older charter schools to disseminate information about their successful practices. The fiscal year 1999 appropriations for PCSP is $100 million. Charter schools receive their subgrants from the state or in a few cases, directly from ED.

[4] As reported in Herdman and Millot (2000), many state grants are for under $500 dollars and their use is restricted to specific purposes. For most Massachusetts charter schools in 1996, the small grant amounts were not worth applying for given the associated restrictions and reporting requirements.

[5] Legg-Mason (1996) reported that educational management companies had captured about 10% of the charter school market in 1996 and that by 2010 that EMO's would control 10% of the entire K-12 market.

[6] For example, the director of TX-A reported her frustration at having to create a dual reporting system, one for the state and one for the school's internal benefit. She said:

> Just the chart of accounts is a real nightmare because to run a small business you have to have a different sort of accounting profile. I mean what we produce for them [TEA]

helps us almost not at all. So we either have to run two totally separate groups of numbers or we have to be less informed about our own business because we are sifting through many, many, categories that have little relevance to what we do.

Chapter 6: Incentives

Incentives are the signals that are set in oversight policies regarding what is important and what is not. Ultimately, those motivations are defined most clearly when sanctions or rewards are meted out for performance.

This chapter examines the tradeoffs in developing an oversight system through the frame developed by Hassel and Herdman (2000):

- *Setting the terms* - the process for selecting charters, agreeing on terms within those initial contracts, and developing *accountability plans* (i.e., long-range goal-setting documents).
- *Gathering the data* - the processes for measuring school and student performance, limited to a discussion of test scores and on-site visits for this paper.
- *Using the data* - the process of using the data collected to make a decision as to whether a charter should be renewed or not.

In this chapter, I argue four points. First, that the goal setting processes are not as inclusive as policymakers might have envisioned. Second, that authorizers are generally focusing more on compliance than performance. Third, that tests score data and site visits serve critical complimentary roles. Fourth, and finally, that shutting a school down for academic performance is a daunting political and technical challenge.

A Brief Summary of the Charter Laws in Massachusetts and Texas

Massachusetts passed its charter school law in 1993 as part of the omnibus piece of legislation known as the Education Reform Act of 1993 (MERA). Texas followed in 1995 with charter legislation serving as a centerpiece of the legislatures rewriting of the Texas Education Code.

There are many commonalties in the legislative processes that led to the passage of charter school legislation in Massachusetts and Texas.[1] Both states had Democratically-dominated legislatures and Democratic governors a year prior to the passage of their

respective charter school statutes. Both states elected Republican governors the year before passing legislation (William Weld in Massachusetts and George W. Bush in Texas, respectively). The arguments made for the passage of these laws encompassed all of the theses discussed in earlier chapters, i.e., laboratory, competition, replacement, and governance. When asked what the primary intent of the charter legislation was, Mark Roosevelt, a Massachusetts senator and the principle architect of MERA, stated that,

> I supported all [those ideas]; I would have supported vouchers in a millisecond if I thought it would help. What we had wasn't working; charters were a push in the right direction...(Herdman, 2000, p. 39).

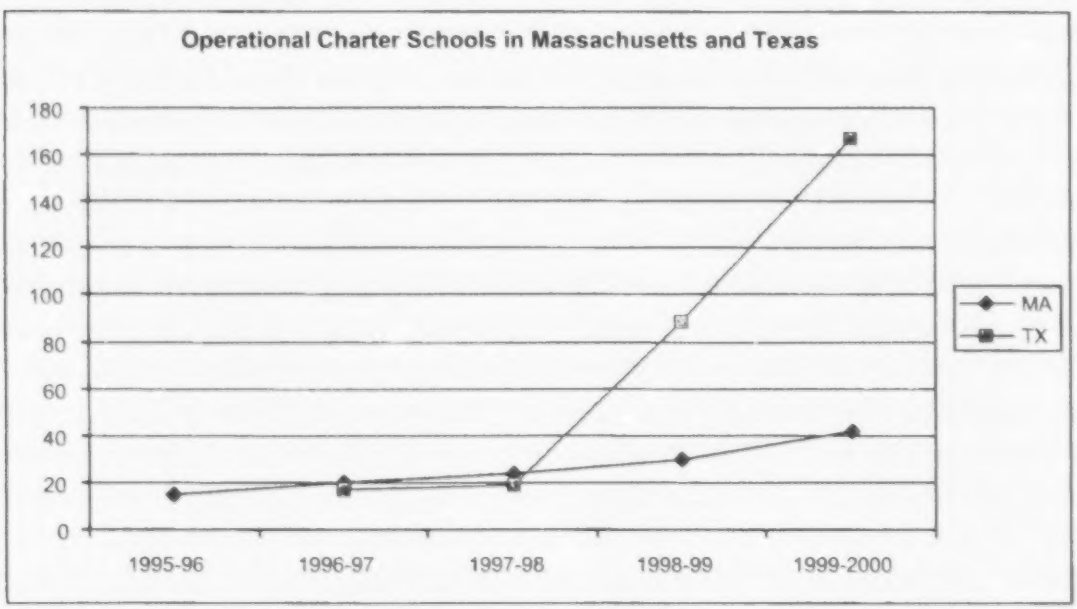
In short, Roosevelt concluded, "There is no clear intent [in the charter law] because there were many intents" (Herdman, 2000, p. 39). These multiple intents made the passage of the law possible, but muddied the water for authorizers attempting to implement the law.

The different political contexts in the two states colored how the laws were constructed. Massachusetts had a stronger labor lobby, and the charter concept was not a prominent part of MERA. In contrast, Texas, as a right-to-work state, had a weaker organized labor lobby and a mandate for a "strong" charter school law. This difference in political contexts became evident early in the growth of these two initiatives. In the first years of their respective charter initiatives, both governors asked for a complete lifting of the caps on charter schools in their state-of-the-state addresses. Governor Weld was forced to settle for incremental growth in the Massachusetts initiative, while Governor Bush very nearly got his wish.

Both states began their initiatives with roughly the same number of schools -- Massachusetts had 15 in 1995 and Texas had 19 in 1996, but the number of charter schools in Texas quickly surpassed the number in Massachusetts (Figure 6A, below). In March 2001, Texas had more than three times the number of operational charter schools as Massachusetts. Texas had 167 open-enrollment charter schools and 25 campus charter schools, 22 of which were in Houston (Stevens, 1999).[2] About half (83) of the open-enrollment charter schools were for at-risk students. In the 2001-2002 academic

year, Massachusetts had 36 Commonwealth and six Horace Mann charter schools in operation, for a total of 42 (MDE, 2001).[3]

Figure 6A: Charter Schools in Massachusetts and Texas. This figure summarizes the growth in the number of charter schools in Massachusetts and Texas from 1995 to 2000.



Sources: Massachusetts Department of Education, Texas Education Agency, and the Center for Education Reform, www.edreform.com.

SETTING THE TERMS: Getting It Right from the Outset

Authorizers faced a steep learning curve in developing their charter school applications. With its tight limits or "caps" on the number of its available charters, the process in Massachusetts was fairly stringent; just one in four applicants was accepted over the first six years charters were granted. However, even with a fairly high bar,

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Massachusetts' authorizers quickly acknowledged that there were charters granted in 1996 that would not have passed muster in 2001.

Just as in Massachusetts, the Texas application review process became more sophisticated over time. John Stevens (1999), the co-director of the Texas Business and Education Coalition (TBEC), chronicled the application process and wrote that in 1996 "the first 20 charters had been issued to applicants that met minimum selection criteria on a first-come, first-served basis" (p. 6). Stevens stated that the TEA had received just 23 applications when the first 20 charters were granted.

In 1997, the process was improved. Texas' Charter School Division created a budget template, a scoring rubric for the ratings process, and a process for training and recruiting external reviewers (Stevens, 1999). In March 1998, the State Board of Education applied this revamped process to the 86 applications it received and awarded charters to the top 41 applicants.

However, later in 1998, political pressure to expedite the review process caused the Charter School Division to change its review process. Stevens (1999) writes that there was "considerable pressure on the Board to fill all 120 open-enrollment charter slots and approve at least some at-risk charters before the Legislature reconvened in 1999" (p. 8). As a result, the State Board of Education (SBOE) moved up the next round of charter applications from the spring of 1999 to the fall of 1998. At that September 1998 meeting, the SBOE granted 84 of the 109 charters it received (58 open-enrollment and 26 at-risk charters).[4] Before the legislature convened in 1999, another 25 at-risk charters were awarded, for a total of 109 charters. The impact of this rapid growth was that the Texas Charter School division had to compromise its review process in order to put forward a high volume of charters. Specifically, the Charter School Division suspended the interview process.

After a significant jump in the number of charter schools in the 1998-99 academic year, the pace slowed and the authorizers returned to the interview process they established

in 1997. The SBOE realized that the rapid pace was outstripping the Charter School Division's available resources. At their November 1998 meeting, the SBOE actually voted "to ask the legislature to limit the Board's authority to grant more charter requests until evaluations could be made of the charter schools already approved and operating" (Stevens, 1999, p. 8; also Hood, 1998). However, the legislature did not grant that request and the SBOE continued to grant more charters after 1998, albeit at a more moderate pace. In 2000, 40 more charters were granted (14 open-enrollment and 26 at-risk charters).

The Importance of Faculty Buy-in

Once schools are awarded a charter they are given an opportunity to revamp their goals based on the population of students they enroll. This can be a formal amendment to a school's charter and in Massachusetts this is called the "accountability plan."

In theory, policymakers might reasonably assume that by providing schools with more local control they would use this freedom to set goals that are mission-driven and arrived at collaboratively. My data suggested that five of the six schools in my sample did have clear missions (Chapter 4). However, my data questions whether the goal-setting process in these schools was a) collaborative and b) informing the everyday operation of schools.

Massachusetts charter schools are required to complete an accountability plan outlining their organizational goals at the close of their first year of operation. Rather than a committee of parents, teachers and administrators poring over their school's goals, a board member of MA-A suggested that one or two people generally set the goals and the rest of the school often has little input. She described the process thus:

> We got sat down and told that we had to have an accountability plan and we were told that we had to have school performance objectives, and student performance objectives...there had to be two of that, and three of that.[5] They couldn't be things that were maybe at the heart of what the school was [or things] we were already well on our way to achieving. They had to be things we

> had not yet accomplished. So already this is a little bit of a weird document....Is this a format that made sense to anybody in this school? No. [But] this was the state requirement. Now is it something that people really care about and take seriously and really think they are measuring themselves against? I'm not sure if anybody looks at this but me and [other board member] when we write the annual reports.

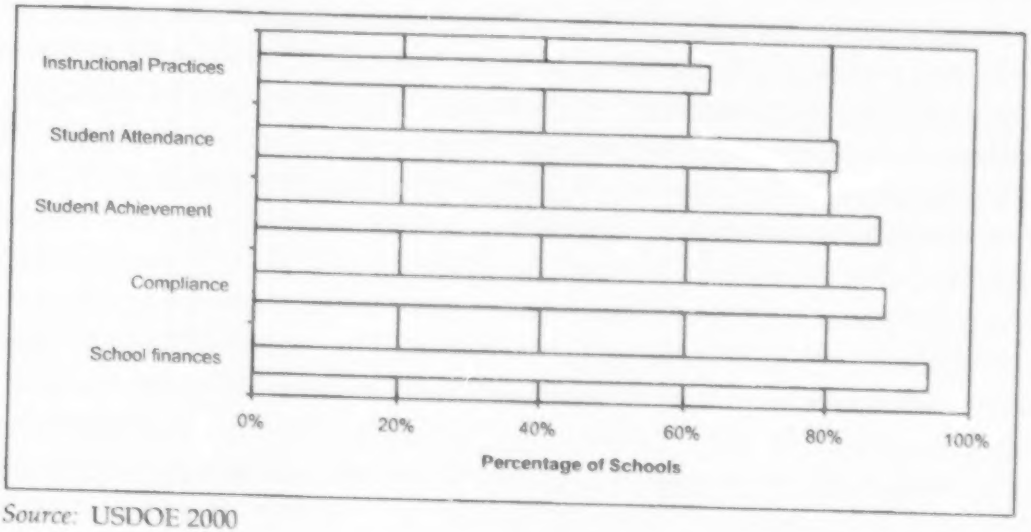
This finding was supported in my visits to the other Massachusetts and Texas charter schools. That is, when teachers or parents were shown the site-visit reports or accountability plan of their school, the vast majority had not seen the document before.

In sum, while the process of goal setting in itself may have been a helpful process at the outset, it was not clear that the accountability plans were living documents that continued to bring these schools together around a common set of expectations. However, as will be described below, while these goals appear to have little value in isolation, they do appear to have value when coupled with an on-site visit designed to evaluate the school against its goals.

GATHERING THE DATA: The Power of Combining Tests and On-Site Reviews

If government priorities can be gauged by what is collected, compliance data is important. Compliance is and should be a primary function of an authorizer. This capacity and need for compliance monitoring is reflected in the data. The USDOE (2000) reports that, in 1998-99, charter schools in a selected sample most frequently reported monitoring in the areas of school finances (94%), compliance with state or federal regulations (88%), student achievement (87%), student attendance (81%), and instructional practices (63%) (see Figure 6B, below).

Figure 6B. Charter School Monitoring. This figure summarizes the types of monitoring conducted by a select group of states across the United States.



Source: USDOE 2000

Fiscal and civil rights monitoring are crucial responsibilities of authorizers and the most frequent forms of government monitoring (Figure 6B). Because state education agencies (SEAs) are responsible for overseeing federal funds under civil rights law,[6] the state is ultimately liable for the misuse of those funds.[7] Further, because 79 of 86 (or 92%) of the closures that have taken place as of December 2000 are due to compliance or fiscal issues (Center for Education Reform, 2000), such monitoring is needed and warranted.[8]

Measuring School Performance: Tests Versus Site Visits

Measuring performance is becoming increasingly popular among policymakers, but the science of measuring school performance is less developed and far more subjective than auditing finances or verifying whether policies are being followed.

While there are systems in place to monitor fiscal and regulatory compliance, measuring student and school performance is still very much a nascent science. Across the country, 49 states, with the exception of Iowa, now have academic content standards (more than

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three-fold increase from the 14 states that had such standards in 1996). There is a continuum across those states as to how much state agencies rely on test scores versus other measures, such as site visits, when evaluating school performance. Texas is closer to the test-reliance end of the spectrum and Massachusetts (as it relates to charter schools) sits closer to the site-visit end of the spectrum. Both approaches have their strengths and weaknesses.

In examining the responses of the six schools in my sample, three findings emerged:

- Tests had a positive effect on low performers and little effect on medium and high performers;
- Site visits had a positive effect on schools of all performance levels *if* they were customized to the unique expectations of each school.
- Tests and site visits provide important and complimentary information.

Tests Have Greatest Effect on Low-Performing Schools

While the MCAS is generally seen as a more challenging test than the TAAS, the responses across the six schools in my sample were relatively consistent by performance level.[9] In general, the two lowest performing schools (TX-C and MA-C) appeared to be more responsive to their state tests.

Teachers at TX-C claimed they did not "teach to the test," however, the principal of the upper school did pay close attention to how well students performed as individuals and within grade levels. The principal had a chart on each individual student and had highlighted which items that student missed. In response to a question, "How do TAAS scores effect what happens in your classrooms?" he said:

> We dissect them. I did that last summer. I look at each individual and I can show you what happened. So, a teacher can come in here and look at all the students and make a chart of the objectives on the TAAS that were not met by a majority of the students. These are the objectives on the TAAS for the 9th-grade [presents a chart of skills for each student with deficiencies highlighted in yellow].

The reaction to MCAS scores was more significant in MA-C, the lowest-performing Massachusetts charter school in my sample. In 1999, none of their MA-C fourth grade students passed the English Language Arts portion of the test and the school as a whole performed worse than any school in the surrounding district. In response to the same question asked above – "How do MCAS scores affect what happens in your classrooms?" – the principal responded:

> A lot. We got killed this year; part of what I found out is that we weren't doing a good job preparing our students for the MCAS last year. The good thing about [MA-C] is that we don't try and sugar coat the results to parents. Parents, particularly Black parents, know the research out there but we also don't try to hide behind the research. We don't try to say, "Well you know we're only a Black school, how do you expect us to do well in MCAS or anything?" We don't take that position at all because I don't really believe that.

In 2000, MA-C completely revamped its curriculum, hired a curriculum director, and sought out technical assistance to improve its instructional focus.

State Tests: A Default or Distraction for Medium- and High-Performing Schools?

Generally, charter school leaders and teachers in medium- and high-performing charter schools tended to view state tests as everything from a benign frame of reference to a distraction from meaningful learning. No school is monolithic in its views; however, those interviewed in MA-A, MA-B, TX-A, and TX-B did not appear to be "teaching to the test" as some have feared (Orfield & Wald, 2000).

There were, however, state level differences in response to state tests. Most Texas educators saw the Texas state standards (Texas Educational Essential Knowledge and Skills, TEEKS) and state tests (Texas Assessment of Academic Success, TAAS) as a minimum hurdle. For example, TX-B, the middle-performing charter school in Texas, used the TAAS as a frame of reference but did not focus on it in class. A TX-B teacher

said, "We don't drill and kill, but we do look at the TEEKS to make sure we are on task." Similarly, one TX-A teacher said he found the TEEKS helpful guidelines, especially since he was from out of state. However, he was clear in pointing out that the Texas standards were the "minimum expectation" and that the school covered them by [default]. He said:

> We look at the state minimum first and then we see how we can incorporate the I[nternational] B[accalaurate] objectives....Any school would probably not teach to the state minimum expectation, which is essentially what they are. We end up feeling that if we teach our IB objectives, our text will get covered and TAAS is practically a default.

The Massachusetts charter school faculty tended to be more frustrated with the Massachusetts Comprehensive Assessment System (MCAS) than Texas charter school faculty members were with the TAAS. The views of educators in MA-B and MA-A on MCAS ranged from mild annoyance to vehement objection. For example, a curriculum director in MA-B found that MCAS did not align with the educational management organization's curriculum. She had more faith in the EMO's math sequencing than the state's. Therefore, she felt a tension between a) reorganizing the curriculum to match the state's expectations, which might have a deleterious impact on students, or b) maintaining their current sequencing and risk performing poorly on the state tests. She described her situation this way:

> The MCAS is more of a hindrance than a help to us. We have a curriculum that we think works and the order in which the Massachusetts math standards are presented does not align with our curriculum. As a result, in order to make sure our eighth graders do well on MCAS, we may be sacrificing [our students'] ability to be competent in Algebra by the ninth grade, a foundation we feel is necessary for the upper level math courses they will need for college.

MA-B ultimately changed the order in which they presented algebra classes to align with the state standards. Thus, in this case, one could argue that MCAS may have had a

deleterious effect on the school's internal accountability in that it compromised the school's expectations in regard to good teaching and learning.

A social studies teacher in MA-A was probably the most adamant about his resistance to the MCAS. He entered the interview with an anti-MCAS button on his lapel and when asked about the button he said:

> The Massachusetts Social Studies standards miss the entirety of those recommendations and international courts we used to talk about. They are almost directly counter to our ability to teach thinking skills. If you set out to cover that much material, you can only do it superficially, through certain kinds of pedagogy. I know they suggest to us, well, we're creative teachers we can find ways to do it, but on the face of it, it's pretty counterintuitive.

Even though MA-A students performed better than almost every other school in the state, they organized rallies at the Massachusetts statehouse against the use of MCAS as a graduation requirement.

The Potential of Value-added Measures

A final point regarding test scores was that the lack of emphasis placed on "value-added" test scores was a common concern among charter school educators in both states. That is, the school personnel believed that schools should be evaluated based on how their students progressed relative to their baseline or first-year scores. Both states have value-added measures, but in both states a single score is most commonly reported, i.e., percent passing in Texas and a scaled score in Massachusetts. When asked how his definition of success agreed or disagreed with the state's definition, a TX-C principal responded this way:

> The state defines [success] as TAAS scores. I personally would like to see measurement as improvement, and not necessarily on TAAS, just on improvement. They've got the TLI, Texas Learning Index, which tracks student performance [from grade to grade], which I think is good. But to me that's overshadowed by the group TAAS scores, where you only had 87% passing the

> math…so you're an "acceptable" school or you're this. I have students coming here in the 9th or 10th grade reading at the 4th or 3rd grade reading level….[If] you want me to have them pass the 10th-grade TAAS because they are in the 10th-grade, but they're reading at the 4th-grade level – you want me to work a miracle.

If yearly testing becomes the norm, as mandated in No Child Left Behind Act of 2002, the importance of value-added assessments may play a more prominent role in measuring student performance.

In sum, my findings suggest that schools identified by the state as low performing were the most responsive to the respective state tests (MCAS and TAAS). Based on a sample of six schools, it is impossible to generalize and assert that all charter schools in Massachusetts and Texas will act in a similar manner, but it stands to reason that they might. In theory, the greatest consequence the state can mete out -- charter revocation -- will befall the lowest performers, it is rational, therefore, that these schools would be the most responsive. This finding supports the work of Hoffman et al. (in press), who found that teachers in low-performing Texas schools reported greater frequency of test preparation than did teachers in high-performing schools. Using this same logic, it is understandable why medium- and high-performing schools are the least concerned with these tests. Without the threat of sanctions, these schools have the option of largely ignoring the state tests.

An explanation for the more agitated response from Massachusetts educators might be due in part to the construction of the MCAS. MCAS covers more subject areas than TAAS (i.e., social sciences, and science are tested in Massachusetts and are not yet tested in Texas), and MCAS is generally perceived to be a more difficult test than TAAS. It stands to reason that there is likely an inverse relationship between the level of freedom a school has in developing its curriculum and the rigor and breadth of a state assessment.

Did test scores affect the organizational capacity of these six schools? The low-performing schools in my sample were the most responsive. In particular, MCAS scores inspired MA-C to reexamine its curriculum, which in turn benefited the professional knowledge and skills of the teaching staff. However, beyond the effects in MA-C, there was a negligible positive impact (and in the case, of MA-B, possible negative impact) on organizational capacity across the other five schools. Overall, the test scores among the schools in my sample most likely had more external value as an indicator of performance for parents and lawmakers than internal value in terms of positive influence on classroom practice.

Site Visits Are Influential Across Performance Levels

A second tool used by Massachusetts and Texas authorizers to monitor school performance was site visits. While both state agencies had officials visiting the schools, the focus of the visits differed by state. The site visits in Massachusetts were customized to each charter school. The intent of these visits was to "validate and augment" the annual reports of each school. In contrast, the visits in Texas were primarily compliance oriented, e.g., to ensure that special education dollars were being spent in accord with federal civil rights regulations. The stakes were also different in the two states. Without an established state testing system, the first generation schools in Massachusetts knew that these site visits would carry considerable weight. In contrast, the Texas schools in my sample were likely more focused on the TAAS.

Massachusetts' effort to align the state's expectations with the school's expectations led the schools in my Massachusetts sample to use these site visits to improve their organizational capacity.[10] In contrast, the Texas site visits did not appear to influence the organizational capacity of the charter schools in my Texas sample.

Texas Visits More Compliance Focused

An excerpt from Texas Education Agency (TEA) correspondence sent to TX-B following a site visit highlights the compliance orientation of the visit. It states:

> [T]he visit consisted of a formative evaluation. [I]ts purpose was to give the charter school a course of action and direction for the future so that the student

> population served can be provided maximal services within the boundaries of state and federal laws. When the charter school becomes a part of the monitoring cycle for District Effectiveness and Compliance (DEC) visits, it will be expected to comply with rules and regulations specific to special education and to bilingual education and English as a Second Language (ESL) programs.

While the site visits are conducted by TEA staff in Texas as compared to a team of private citizens led by a MDE staff member in Massachusetts, the site visit protocols are similar. Much like the Massachusetts site visits, Texas site visits involved focus groups with parents and teachers. Reports documenting the visits note whether the school was doing what it had promised in its charter. For example, the TX-B report noted whether the school was using a national reading program as agreed to in its charter. TX-A principal said she appreciated the chance to reevaluate where they were. She said:

> One thing we've been encouraged to do by the state, which I think is really important, is to "walk the talk." [They said] to look at your charter really carefully, if there is something you really don't know – or a lie got in there, or you don't believe in it anymore, or if you tried it and it just didn't work, this is the time to really clean it up and re-draft it.

However, beyond perhaps improving their record-keeping systems, these site visits did not appear to impact classroom instruction or school governance. When asked how the TEA site visit has influenced what happens in TX-C classrooms, the upper school principal responded:

> They look at our records, special ed., how do we manage special ed. We're still under federal guidelines...So they're just looking to make sure those things are complied with, which is good.

Despite several direct questions about classroom or school impact, none of the educators or principals at the three Texas charter schools in my sample provided an example of how the state's site visits informed their practice (beyond improving their compliance systems).

Massachusetts Visits More Focused on Performance

Massachusetts' site-visit reports are far more subjective than the Texas site-visit reports. In Texas, the visitors reported on whether the school was offering the services it said it would. In Massachusetts, the site visitors commented on the *quality* of the services provided based on the schools goals and a state developed rubric. For example, the following is the conclusion of the MA-B site visit report in 1997:

> The [MA-B] charter school has developed what appears to be an excellent education program that is based on high standards, is rigorous and challenging for students, and is dedicated to the academic progress and success of each student. The Board, staff, students and parents all appear to be highly committed to the academic mission of this program. The site visit team was very impressed by all that the school has accomplished in such a short period of time.
>
> The stability of this strong education program, however, is threatened by the apparently severe breakdown of communication between the school's Board and administrative team. Moreover, both the Board of Trustees and the administrative team (and by extension, the school) suffer from a lack of clarity and agreement regarding their respective roles in and responsibilities for the governance and operation of the school.

In Massachusetts, schools at all three performance levels could readily cite examples of how the site visits (either the single-day annual visits or the three- to five-day renewal inspections) helped improve their organizational capacity. A board member (and former principal) from MA-A was impressed with the site visitors' ability to review the school on its own terms. He said:

> I would call it genuinely helpful. They didn't understand some things,[11] but they understood quite a lot. And they pursued things to depth, as far as I could tell they really did their homework....They did what they said they were going to do, which was take us at our word.

When pressed for specific examples of how the site visit may have informed classroom practice, the board members cited several examples. They suggested that the site

visitors helped the staff rethink how it plans curriculum and that several teachers saw the visit as a valuable professional experience.[12] For example, one board member commented, "Our science teacher said she had the most valuable professional conversation she ever had in her career."

However, the main benefit may have come before the site visitors ever entered the school. A board member said, "I think getting ready for the inspection itself was perhaps 70% of the benefit. [We'd say,] 'Oh my god, we're really not clear on that are we?' Then the interchange would begin." Echoing this sentiment, a MA-A board member, who was a self-proclaimed "cynic," argued that the validation that comes with the site-visit process is valuable in and of itself. She said:

> I can't honestly say that we've ever learned anything from a site-visit report that we didn't already know. This is a community of people who are "reflecting" all of the time....[However,] I think it is important to have these site visits, so don't get me wrong on that -- but not because you learn anything from them. It forces you to stand back, think about where you are, make presentations, and if everything is going well in your school you probably won't learn anything...because it will support what you've already discovered about yourself....[But it] begins a conversation that typically validates that, "yeah, we're not crazy."

At MA-B, there were two significant changes as a result of site visits. Comments in the 1997 site-visit report (cited above) called on the board to clarify its roles and responsibilities vis-à-vis the EMO. In essence, the report stated that the governing board was micro-managing the day-to-day operations of the school to the detriment of the students. Board members said they "backed off" as a result of that report. In fact, the contract between the board and the EMO now stipulates that all employees of the school are employees of the EMO, so if the Board is dissatisfied with an employee's performance, then they can go to the EMO. If, over time, the Board is dissatisfied with the EMO, the Board can fire it. However, the Board is not involved in the daily

decisions of the school. This has dramatically simplified the roles and responsibilities among the EMO, the principal, and the Board.

Second, the principal of MA-B said that they changed how they were supporting special needs students as a result of a site visit. She explained that the school has short-term "intensives," or remedial classes, for students who are falling behind in their math or English. However, a review of student records revealed that special needs students were languishing in these classes. She explained that this was "totally wrong" and so the intensive teacher, the special education intensive teachers, the special education coordinator, and the principal are realigning these programs for 2001.

At MA-C, the school completely reworked its curriculum at least in part because of the site-visit report in 1997. (Recall that this site visit took place before MCAS was administered.) The MA-C site-visit report concluded:

> The school still has considerable weaknesses to address. The education program is not clear. The school does not have explicit, school-wide goals for its students in the curricular areas specified in its charter and accountability plan. Moreover, the school has presented no evidence of the academic progress for its students during its first year, nor has it developed a clear plan for measuring student progress beyond the administration of standardized tests. Without developing clear academic goals and tools to credibly measure student progress relative to such goals, the Board of Education will have no record of performance on which to base such a decision to renew the school's charter.

A MA-C teacher acknowledged that the site-visit report was a catalyst for the school's effort to rethink its entire curriculum:

> When I first got to the school and [the principal] hired me, he told me about the site-visit [report]. I remember him reading it to me. He actually asked me a question in the interview about it. [My response was], "It seems to me that you just need some more internal means of assessment and it has to be consistent

between now and the next time they come back." He wanted to implement a curriculum that was aligned and clear – which is ultimately what we did.

In sum, how do site visits impact organizational capacity? In Texas, the site visits appear to have helped the three schools in my sample reassess how well they were complying with civil rights law and gave the schools an opportunity to refocus their charter. However, the visits did not appear to challenge the schools to reevaluate their performance.[13]

In contrast, the Massachusetts visits resulted in positive changes in three of the four components of organizational capacity. MA-A provides evidence of improvements in teacher professional knowledge and skills. MA-B offers an example of how the site visits may have improved the school's leadership structure. MA-C provides an example of how the site-visit process lead to a school revisiting its mission and reevaluating its instructional approach.

These findings lend support to the work of Abelmann and Elmore (1998) that external accountability will have a greater effect if it is aligned with the internal expectations of the school. As a component in these incentive systems, site visits send a signal that the authorizers are concerned about the organization as well as it delivery of services.

USING THE DATA: The Challenge of High Stakes Decisions

Once the data are gathered, the next question is what to do with it. An authorizer can make one of three decisions: 1) reward a school for strong performance; 2) provide assistance to a school that is struggling; or 3) sanction a school by putting it on probation or closing it. These decisions can be made at various points during the five-year term of a school; however, the charter renewal decision usually only occurs at the end of that five-year term.[14]

The most severe sanction in either state system is revocation of a school's charter. In Texas, TX-A and TX-B had their charter renewed in the winter of 2000-01, and TX-C, the lowest performing school in my sample, imploded on its own. It was managed poorly, it was $1.5M in debt, and closed its own doors in the fall of 2000. The state did not have to make a judgement about whether its charter should be renewed.

As discussed in chapter 5, all of the Massachusetts schools went through their renewal visits in 2000 and all 14 of the first-generation charters were renewed.[15] The decisions were made based on a mix of financial, compliance, test score, and site visit data. As has been discussed above, MCAS did not come on line until 1998, three years after the first schools became operational. Therefore, the test data on many of the first- or second-generation charter schools is a mix of some state level data and school-selected, norm-referenced tests. Not only is the data set incomplete, but most of the data is not disaggregated by race or income. As a result, the most consistent data is likely the site-visit reports.

Despite their value as a formative evaluation tool, site visits present at least three problems as a summative evaluation. First, their reliability is questionable in that different visitors participate in each site visit so the expectations from school to school are not consistent. Second, while a one-day or a multi-day visit provides a much richer understanding of a school than test scores might, it is unclear whether these snapshots -- in isolation -- are valid assessment of a school's performance. Third, the Massachusetts site-visit process had problems with transparency. "Academic success" was never defined, so the questions of, "how good is good enough?" and "how bad is bad enough" were never made clear. A charter school leader said of his school's site-visit report,

> It provided us with a tremendous amount of great information, but I wasn't sure where we stood. I mean, it said we did well on some things and poorly on others, but what did that mean? Were we doing great compared to the other charters or were we on the brink of getting shut down?

In short, the process was not transparent in that the expectations were not clear at the outset, and there was not adequate notice built into the system so that schools could take corrective action. The ambiguities in the site-visit data make for a shaky foundation on which to build a high-stakes accountability system.

Despite these challenges, Massachusetts' authorizers had to rely on this measure to make such a decision under extreme time pressure. MA-C exemplifies the challenges in this oversight system.

MA-C: A Charter Renewal Case Study

In March of 2001, MA-C went in front of the Massachusetts State Board of Education. MA-C had exceptionally low test scores and a seemingly dysfunctional board. In fact, when reflecting on the school's performance, a former academic advisor to the school said, "By all rights that school should have been closed." So why did the Massachusetts SBOE, the "Harvard of charter school accountability" (Finn et al., 2000), vote to renew this charter and what are the implications of that decision?

Recall that the Massachusetts charter school accountability plan is driven by three questions:

- Is the academic program a success?
- Is the organization viable?
- Is the school faithful to the terms of its charter?

Is the academic program a success? MA-C students performed well below state averages on the fourth-grade MCAS in 1997 and 1998. In 1999, none of the fourth-grade students were proficient in English Language Arts; 6% were proficient in math; and 3% were proficient in science and social studies. MA-C also performed well below the district averages (the lowest in the district). In addition, site visitors reporting on classroom observations noted that in "some cases, students were engaged in low-level, rather than challenging, academic activities" (MDE Renewal Findings).

Is the organization viable? The board has had high turnover and its roles and responsibilities vis-à-vis the school's leader are unclear. The renewal findings state,

> Since the school's founding in 1996, there has been substantial turnover in the Board of Trustees membership. Only one of the founding members remains on the board today, and the board membership is significantly below the number prescribed in the by-laws....While individual members articulate a commitment to continued improvement of the school and have ideas about how to proceed, these ideas are not organized in a collective vision or plan. Staff members remain unclear as to the role of the Board in the leadership of the school.

Is the school faithful to the terms of its charter? The focus has changed from an Afro-centric curriculum to a more standards-based curriculum, but still concentrate on working with minority students in the areas of math and science. The school has not been cited for any fiscal or procedural malfeasance. So, in essence, it has remained faithful to the terms of its charter.

In short, if the rhetoric of performance-based accountability were strictly adhered to in this case, the school might well have been closed. The mission of the school has endured, but the school's student performance and organization's viability are highly questionable.

So why was the school's charter renewed? Was this a political decision – based on a fear of closing down a predominantly African-American school that had very supportive parents and the backing of prominent Democratic legislators, or was there evidence that the school had more public benefit in remaining open than closing? One of the issues that my review of the data above misses is the *trajectory* of the organization. For example, while MA-C performed poorly on MCAS, an examination of Stanford-9 scores in grades 1 through 8 in reading, language, and math reveal improvement trends. Further, and perhaps more importantly, after a year of having no curricular focus, a new principal was hired who renewed the school's focus on academics and rewrote the school's entire curriculum. The renewal inspection team noted:

> The school's executive director has provided skillful leadership in his four-year tenure. Early on he identified three overarching barriers to the school's achievement of its mission: a) lack of a sound academic program…b) significant student behavior problems; and c) lack of effective leadership. Since that time, he has enabled the school to make significant progress in each of these areas.

In short, the site visit report indicates that there were significant changes in the organizational capacity of the school that may have warranted the school's charter renewal.

However, as is usually the case, the data is not clear-cut. This was a difficult decision, and perhaps it was the correct one, but it raises the specter of how good is good enough for charter renewal. Further, short of malfeasance, what is low enough to warrant charter revocation? And while the trajectory of the school may be positive, this director has been in place for four years; how long should policymakers wait to see improved outcomes? For example, despite the generally positive tone of the renewal inspection report, it notes that the "shift to a standards-driven learning environment is currently stronger in school-wide planning at [MA-C] than in daily classroom planning."

A member of the Massachusetts charter school office called for more specificity in the state's process and wanted to see a clear recommendation in the state's renewal inspection reports. He said:

> MA-C was on the line, their MCAS scores were low, but they were making improvements. The commissioner asked what we should recommend and I said we should renew the charter with conditions.[16] In the absence of clearer standards, we ran the risk of undermining the Board [of Education's] credibility. If we recommended that they revoke the charter, there is a good chance that we would have lost in arbitration. The renewal inspection report in an effort to be balanced does not make a clear recommendation.

This decision also highlighted how the lack of capacity in the authorizing office adds to the challenge of holding schools accountable for performance. The authorizer explained

that SchoolWorks, the company contracted to the renewal inspections, did not want to make a summative evaluation of the school based on one three-day visit. In fact, the regulations (CMR 603) state that the renewal inspection report should be considered as one piece of evidence in conjunction with the school's annual reports, audits, test scores, and other site visits. However, it is understandable why the authorizer wanted more help when he explained his timeline leading up to the MA-C renewal decision. Mapping backwards, he explained the limited time he had to dedicate to this process. He said:

> ... I had to get a draft to the legal staff and the other members of the charter office in early January. The renewal visit took place in December, so I had a couple of weeks to review all of that data and write a report. And at the same time, we had to review new charter applications, four other charters were up for renewal, and North Star charter school in Springfield was in the process of losing its charter, so I had to spend an inordinate amount of time with them.

No state oversight system will (nor should) be completely devoid of subjectivity. However, a lack of clarity from the outset and an ambiguous feedback process make the threat of charter revocation remote. The issue then becomes, if renewal becomes rote and the threshold for charter revocation becomes so low that only the most criminally poor performing schools are shut down, what bar does that set for the charter school movement? What impact will that perception have on all of the incremental steps leading up to that juncture? Without the threat of consequences, will charter school leaders invest energy and time into accountability plans and site visits?

A DISCUSSION OF CUSTOMIZED VS. COMPARABLE DATA

What are the lessons learned in the charter renewal decision of MA-C? As Table 6A summarizes, there are strengths and weaknesses associated with over-reliance on either state test scores or site visits. Test scores are a more valid and reliable external measure and they are less costly and time-consuming than site visits. However, an over reliance on test scores will likely work to erode a charter school's efforts to be more creative, i.e.,

common tests could push charters back to the mean. This tension between the need for comparable data and limiting teacher freedom is likely the most apparent in social studies exams because, unlike language arts and mathematics which tend to be more skill oriented, this domain is far more subjective. How history is defined in a state's standards can have a significant influence in limiting the historical interpretations of classroom teachers. This all suggests that state tests are necessary measures, but high stakes consequences should be tied to a narrow group of subject areas, e.g., numeracy and literacy.

Table 6A. Summary of Site Visits versus State Tests. This table summarizes the strengths and weaknesses of site visits and state test scores as measures of school performance.

	INCENTIVES	
	Comparable Tests	**Customized Site visits**
External: Reliability and validity as a summative tool	**strong**	limited
Internal: Value as a diagnostic and formative tool	limited	**strong**
School buy-in	limited	**stronger**
Potential for improving organizational capacity	limited	**stronger**
Time	**minimal**	high
Cost	**lower**	higher

Site visits provide more internal value as a formative assessment than state tests do. Further, because they are designed around a school's own goals, they have the potential to generate more school buy-in and as a result, have a greater impact on a school's organizational capacity. The Massachusetts and Texas oversight systems exemplify the complimentary strengths and weaknesses of state tests and site visits. This suggests that if policymakers want to have a system that is valid and transparent as well as one that

encourages *all* schools to continuously improve, then a combination of comparable and customized should be considered.

While these authorizers have made strides in gathering helpful data, enforcing consequences based on these data has been challenging. The ability of an authorizer to close an under performing school is arguably the lynchpin of an accountability system. While some charter schools have been closed in both states, none have been shut down for poor performance alone. Thus, the bar has been set at just above the minimum. The question then is how will this precedent influence the accountability process as a whole and how might these systems be strengthened in the future? Certainly setting clearer terms of agreement at the outset is an important first step.

The next, and last, chapter will summarize my findings and discuss the implications of this work.

Endnotes

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[1] Herdman (2001), *Unraveling the Basic Bargain: A Study of Charter School Accountability in Massachusetts and Texas* provides in-depth case studies of how the charter school laws and policies were constructed.

[2] The other three campus charters are in Dallas, Nacogdoches, and Spring Valley (Stevens, 1999)

[3] As of June 15, 2001, Massachusetts has granted 48 charters, seven in the spring of 2001, and 40 charter schools are operational.

[4] There is a discrepancy in the numbers. Stevens (1999) reports that 59 open-enrollment charters were awarded at the September 1998 SBOE meeting. TEA data received in April 2001 indicates that 58 open enrollment charters were awarded that year.

[5] MDE hired consultants to work with each school individually to develop their accountability plans.

[6] Civil rights laws pertain to federal laws such as the Individual with Disabilities Education Act (IDEA), Title II of the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.

[7] Personal communication with Tom Hehir, former director of Special Education Services, USDOE.

[8] Center for Education Reform divides these 79 closures across three groups: finances, mismanagement, and facilities. However, all three groups are related to the availability and management of finances. The remaining 8% of closures are for reasons defined as "other" (1%) or "academic" (7%).

[9] Within schools different teachers had different perceptions of the state tests depending on the subject area they were teaching. For example, the math teachers were less concerned by the math standards because there is a fairly common understanding of the expectations in this subject. Conversely, social studies teachers were more resistant to state standards in Massachusetts because there is a greater variation in the thinking on how this subject should be taught.

[10] See reference to Abelmann and Elmore (1997) in Chapter 2 for a more detailed discussion of alignment.

[11] A Social studies teacher at MA-A complained that the lead inspector, who was a historian, and contributor to the Massachusetts frameworks, was trying to force him to present history in a chronological format that did not match the school's pedagogy.

[12] After observing some of their curriculum planning sessions, a site visitor noted that it was some of the most thoughtful discussions he'd heard in a teacher planning session. However, he questioned whether the teachers could improve the quality of the instruction if they planned the curriculum more proactively, e.g., over the summer, rather than week-by-week. [This was relayed by a board member of MA-A.]

[13] None of the schools I visited had a "risk analysis" visit from the TEA. The schools in my sample all described their DEC visit.

[14] Massachusetts charter schools can opt to be reviewed earlier than five years in the event they want to have a longer charter in the second cycle.

[15] YouthBuild Boston Charter School was one of the first 15 charter schools and it returned its charter in 1998 due to a range of fiscal and academic deficiencies.

[16] MA-C did need to agree to four conditions relating to improving the training of their teachers, increasing MCAS scores, developing internal and external assessment systems and improving the training of their governing board.

Chapter 7: Lessons Learned

This paper views charter schools as a case study in public school governance. There is growing agreement that the solution to those problems will come, if only in part, by improving the balance between school-level autonomy and central accountability -- what I refer to as the "basic bargain". Charter schools represent an extreme on that continuum of local and central control and, as such, provide an important point of reference for policymakers involved in the governance of public schools.

An overarching question in this paper was, *What can charter schools teach us about the governance of public education?* As my research shows, the charter initiatives in Massachusetts and Texas have not "solved" this conundrum of autonomy versus accountability. Their policies are evolving and neither states' authorizer has agreed upon the best way to oversee this new breed of public schools. However, both the challenges and the successes in the Massachusetts and Texas charter school initiatives can offer lessons to charter authorizers district superintendents interested in moving toward contract or charter-like arrangement with their schools. The following are six such lessons.

LESSONS LEARNED

Lesson 1: Engage in the Political Process

The shape of education reform in each city and state across the United States needs to run the gauntlet of political battles. Through these battles, alliances form resulting in the coupling of seemingly conflicting intents, e.g., the notion that charter schools can be a vehicle for both competition and collaboration. The compromises forged in these conflicts form the statutory framework and establish the level of discretion available within each state's charter school law. Politics shape the parameters of how accountability is defined.

Both state charter school laws began with a broad array of intents ranging from competition to innovation. These multiple intents enabled charter bills in both states to garner bipartisan support, but they made interpretation of these laws in the regulatory process complex. For example, in the application process, authorizers were forced to determine the relative importance of granting a charter to a small school that might offer an alternative to the existing options or selecting a larger school managed by an EMO that has a track record and could put more pressure on a given district to improve.

The framework established in the law and the subsequent regulatory process will impact the quality of their fellow charter grantees, as well as the level of funding and autonomy schools in a given state will have. The key lesson here is that educators should engage in the political process. They should look to shape, rather than respond to, the process.

Lesson 2: With More Autonomy Comes More Responsibility.

Researchers have hypothesized that if schools were autonomous and mission-driven, it would enhance their ability to increase student performance. However, with those freedoms came significant challenges. Because these schools were independent from their respective districts, they had to shoulder extensive start-up, facilities, and administrative costs as well as manage the complex governance issues associated with running a public institution of choice (e.g., developing a board, serving all students, and meeting the needs of parents). These financial and governance challenges may help explain why leader effectiveness and teacher skills were of inconsistent quality in my sample. That is, in some schools, the demands that came with being an independent public school may have served to make the leadership challenge even more difficult as well as served to deprioritize the allocation of resources to the core enterprise of schooling -- classroom instruction.

Despite these challenges, the message to policymakers should not be to reduce school-level decision making; this was central to the operations of all of these schools. The lesson is that within *systems* of schools, individual schools should share (among

themselves or with an authorizer) the responsibilities of finding and funding a facility as well as the onus of providing a full range of special education services.

Autonomy has its trade-offs. The ability to choose a mission and to teach, hire and fire according to that mission, were essential enabling conditions for the schools in my sample to succeed, however, autonomy bordered on isolation in some cases. Detachment coupled with heavy financial and administrative demands will not lead to the creation of high-performing systems of schools.

Lesson 4: Opportunity Should be Balanced Against Capacity.

Charter school authorizers face several complex tradeoffs. One of the most critical is deciding how much flexibility or *opportunity* to provide charter schools at the local and systems levels. At the school level, the institutions need to have the flexibility to truly respond to their communities' needs, but too much local control could serve to outstrip a school's capacity to manage itself responsibly. It was clear in my sample that charter schools develop at different paces. Thus, oversights systems should be designed to respond to variations in school-level capacity.

At a system level, legislators and authorizers need to decide on the number of charters and the means by which they can be granted. In so doing, policymakers face another tradeoff. By providing too little opportunity, they may be under-addressing the needs of students trapped in low-performing schools, and by providing too much opportunity authorizers risk wasting millions of taxpayers dollars on ill-prepared schools. Creating a system with too much opportunity may yield a system in which schools are closing unexpectedly at high rates and dislocating students. However, clamping down on that freedom too hard could mitigate the catalytic effects of market competition and reduce the possibility of generating new ideas that could improve the system as a whole. Thus, lawmakers should be conscious of building capacity levels within their government agencies that match the levels of oversight required.

Be aware of capacity at the school and agency levels when phasing in this new system. It was clear in my sample that autonomy may have enabled some charter schools to develop high internal expectations, but it did not ensure it. Schools developed at different rates, and had different levels of capacity to handle the responsibilities that came with independence. Similarly, the authorizers needed time to develop appropriate oversight systems. In short, systems should change at a pace that is commensurate with an oversight body's capacity to manage it effectively.

Lesson 4: The Culture of Government Oversight Needs to Change

The Massachusetts and Texas authorizers played critical roles in ensuring equity and encouraging excellence in these schools. From an equity perspective, government has helped charter schools meet their obligations of providing equal access to all and using public funds responsibly.

State authorizers in Massachusetts and Texas still have significant work to do to create the tools, and more importantly, the *culture* necessary to adequately measure and improve school performance, but they have made significant strides toward defining accountability anew. The work of these authorizers runs counter to the compliance focus of how "accountability" has been defined in the past. Rather than just ensuring that a particular approach is in place, these authorizers needed to make subjective judgments about the quality of applications and the ongoing success of a given charter school. Authorizers need to continually make strides to improve the transparency of the process so that all stakeholders know what is expected and how performance will be measured. The TAAS system with its clear benchmarks and well-developed web-site, is a step in this direction. The test of that system will be in whether schools will experience real consequences for not meeting those expectations. To date, this is still a challenge in Massachusetts and Texas.[1]

Lesson 5: Capacity is the Neglected Component of Accountability

If schools are to improve, they not only need the incentive to improve and the flexibility to respond to that pressure, they also need the *capacity* to improve. The schools in my sample had significant organizational needs ranging from facilities, financing to teacher

professional development. Too often accountability is seen as a three-legged stool of standards, measures and consequences. Understanding the need to address the capacity issues of schools, and moreover, how oversight agencies were going to meet those needs was underdeveloped in both of the states studied.

The Massachusetts and Texas authorizers did not have the fiscal and human resources to support the financial and technical needs of charter schools in their states. The state agencies provide the primary financial support (roughly 87%) through basic student tuition payments. However, these funds generally fell short of addressing the financial demands of these independent public schools. Therefore, developing a strategy to fully leverage and mobilize all of the public and private resources at their disposal will be critical to the large-scale success of their respective initiatives.

Lesson 6: Incentives Should be Built on Customized and Comparable Data

In choosing an incentive structure, authorizers face a tradeoff in terms of how much to rely on site visits versus state test scores as a means of measuring school performance. Site visits as designed in Massachusetts provided excellent formative data, elicited strong teacher buy-in, and facilitated the growth of organizational capacity among all the schools in my sample, i.e., helped schools improve their instruction, leadership, and use of resources. However, these site visits were limited as high stakes summative evaluation tools and were much more expensive than paper and pencil tests.

State tests are much more reliable and valid than site visits as summative evaluations, and are relatively inexpensive, time-efficient measures of performance. Their benefit as a means of building organizational capacity are limited in that only the lowest performers in my sample responded positively. Moreover, the analysis of test score data in these two states still emphasized absolute performance levels over measurements over time, i.e., value-added models, so the power of this data was not fully tapped. In short, paper and pencil tests address the need for a relatively inexpensive and valid measure and they may inspire lower performing schools to improve. However, if the

goal is to push *all* schools to engage in a continuous improvement process, than a thoughtful site visit process is an essential compliment.

Despite the strides being made in gathering good data, the charter school authorizers in my study both had difficulty in making high stakes decisions based on the data that had been collected. A contributing factor in this challenge is that the process for establishing the initial contracts for performance, e.g., accountability plans, could be substantially improved. Being able to mete out consequences based on performance is contingent upon clear expectations. When those expectations are muddy, enforcing consequences will be difficult. Transparency should be a goal throughout the oversight process.

In sum, all of these components -- politics, opportunity, capacity, and incentives -- are all a piece of the same puzzle. A political climate that supports decentralization provides schools with significant freedom or opportunity, but it also serves to stretch their organizational capacity. This finite capacity may in turn limit the effectiveness of an incentive structure designed to push schools to improve. If policymakers are going to improve systems of schools, accountability needs to be understood as something that is more complex than the three-legged stool of standards, measures, and consequences. My hope is that this analysis will inform the work of charter school authorizers as well as policymakers at the state and district levels exploring this basic bargain of autonomy for accountability.

IMPLICATIONS

Policymakers across the United States will be asking questions about opportunity, capacity, and incentives as public education continues to move toward decentralization. I agree with Bruce Fuller (2000) when he states that education reform is "not a zero sum game" (p.27) - the solution is not, as advocates on either end of the political spectrum assert, complete deregulation or absolute reliance on bureaucratic monopolies. Government has a role to play in the oversight of charter schools and public schools in general. Policymakers are striving to find an appropriate balance between Tyack's "one

best system" and letting a thousand flowers bloom; between excellence and equity; between the individual and the social good.

An Incremental Approach to Increased Decentralization

There are two lines of thought in terms of how decentralization might become more prominent in US public education. One approach is incremental and the other is more radical. The No Child Left Behind Act of 2002 (NCLB) may expedite the incremental approach. Some of the key components of the plan call for state testing in math and reading at grades 3-8 and 10-12 for all schools, and if the schools do not meet state specified expectations for adequate yearly progress for two consecutive years, the state is required to remediate. If this support fails to produce improved performance, the school becomes eligible for reconstitution. NCLB reflects the core principles of President Bush's education agenda and the crux of the basic bargain: "accountability, flexibility, local control, and more choices for parents" (Schlessinger, 2001, p. A1). Like the bipartisan support evident in the Massachusetts and Texas charter legislation, Democratic Senator Edward M. Kennedy emphasized, "This wasn't a Republican education program, this wasn't a Democratic education program, it's an education program (Schlessinger, 2001, A1). If history is a reasonable predictor of the future, then this policy will likely have a significant impact on how state and local agencies govern public education.[2] State and local agencies will need to decide how to implement the broad intents of the law. In essence, they will need to discern the appropriate amount of flexibility to provide local schools, the type and form of public support to provide failing schools, and how best to measure school performance.

A More Radical Approach to Decentralization: Charter Districts and Contracting

A more radical path to decentralization is the charter district or contracting approach. Charter districts could have many of the benefits of the charter school model -- choice, local control, and performance-based accountability -- while addressing some of the challenges of the current charter schools.[3] Depending on the local context, schools could have control of fiscal and human resource decisions and district offices might have the primary responsibility for evaluating school performance. Parents could have the power to choose their child's school, but the districts, rather than the schools, would

likely be the local education agency. Districts could give the schools access to facilities capital and financing, perhaps the greatest challenge to independent charter schools, and schools would have the option of utilizing the economies of scale available through a district structure for managing special needs services and purchasing materials and services. A key difference in such a district over most current district structures would be that the schools would establish a contract with the district defining the parameters of this relationship and the mutual expectations regarding performance.

For this shift in governance to come to fruition, it will have to overcome significant opposition. Local school boards have had the power to give schools charter-like status without enabling legislation (e.g., pilot schools in Boston), so it is not surprising that with legislation (i.e., campus charters in Texas and Horace Mann charters in Massachusetts), districts have been slow to provide these freedoms.[4] Entrenched stakeholders will likely resist this concept. Michael Sentence, former Massachusetts Secretary of Education, summarized the challenge thus: "The problem with the concept is that the people who hold the power do not like to share" (conversation with author, 2001). It will not be an easy task, but transforming the culture and the functionality of U.S. school districts and by extension our schools could be the most important contribution charter schools could make to public education.

FUTURE RESEARCH

There are at least two areas of further research within this topic. First, there is very limited research available on how to build capacity among independent public schools such as charter schools. Second, the issues surrounding how best to measure and use performance data are ripe for study. In particular, research on how best to share test data so that is it is helpful in the continuous improvement of schools, and research on how best to utilize site visits in reliable and cost-efficient ways would be particularly beneficial.

Endnotes

[1] In Massachusetts, the Lynn Community Charter School was closed in February of 2002 for not meeting the state's expectations for academic performance. This is the first charter school in the state and one of the few charter schools in the nation closed for primarily academic reasons.

[2] When the Elementary and Secondary Education Act was reauthorized in 1994, the states had to demonstrate reasonable gains through some form of state testing in order to be eligible for federal Title I funds. These funds represent about 7% of the average education dollar. As of 2001, 49 states had some form of state standards and testing system in place.

[3] See the following for discussion of the charter district concept: Education Commission of the States, 1999; Hassel 2001; Odden and Busch, 1998; Price, 2000.

[4] As of 1999, only three districts other than Houston (which had 22), opted to create campus charters in Texas. In Massachusetts only seven of the possible 13 Horace Mann charters were granted three years after the legislation was passed.

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Interview Protocols

Questions for Legislators

General Interest	Questions
Roles	• What was your role in the enacting the charter school law in this state? • How, if at all, have you been involved in subsequent amendments to the charter school law? • Who were the major players involved in passing this law?
Intent of charter law	• What was the intent of the charter school law from your perspective? • How will you know whether this law has met its intended purpose(s)? • How is it the charter school initiative progressing thus far?

Questions for Authorizers

General Interest	Questions
Application Process	• First, what does it mean for your agency to authorize a charter school? [Ask specific questions that are not clear in the documentation available.]
Oversight	• Once you authorize a charter, how do you assess whether charter schools you authorize are successful and are meeting the terms of their charter? • Are the charter schools you sponsor held to the same, higher lower, or different, standards of academic progress than district schools? • What have you learned over time about assessing charter school performance?
Technical Assistance/ Renewal	• What kinds of technical support/ training do you provide your schools, if any? • Has your agency established any kind of criteria for revoking or not renewing a charter? If yes, what are they? [Probe: How good is good enough?/How bad is bad enough?] • Do you think the charter schools you have sponsored have a clear understanding of what is expected of them in order to have their charter renewed?
Capacity	• How is this office governed (e.g., arm of the Board of Education)? • How many staff people at your organization work with charter schools? • What are your budgetary constraints? • What are the professional backgrounds of these people? • How long have you and they been working with this organization?
Politics	• How does the general public perceive charter schools? • What are your thoughts on how the charter school law was established here? • Do you anticipate politics playing a role in your efforts to hold these schools accountable?

Questions for Charter School Leaders

General Interest	Questions
Mission	• What distinguishes this school from others? [How would you describe it to a friend interested in sending their child to the school?] • What are the school's biggest goals met/unmet?
Internal Accountability	• How are decisions made at this school? [academic, programmatic, and fiscal] • What role do parents, students, governing board play in making decisions at the school? [Examples] • What are the roles and responsibilities of the Board [and possibly management company] versus your role as the director? • How are you evaluated? • How do you evaluate your teachers? [If you have fired a teacher, please describe the circumstances and the ramifications of that decision?]
External Accountability	• How do parents know what their children are learning? [Does your school provide annual reports and / or comparisons to district performance?] • What is your relationship with your authorizing agency? • Who and how often do you see representatives from your authorizing agency? • What type of communication have you had with your authorizer? • [If they have received a letter or evaluative report] – What did you think of it? Was it helpful? What was your response? • How do you think your authorizer would define "success?" How do you define success? • What other forces, if any, influence how the school develops its policies? [community, donor, management company, accrediting agency, district, other government agencies, e.g. Special Education, state auditor]
Organizational Capacity	• Roughly, what percentage of your budget is spent on professional development? • How does that professional development focus on the school's goals? [Examples?] • What role do teachers have in shaping school policy? What is their actual influence on curriculum, instruction, student assessment, and staff development? • To what extent do teachers work together on high quality decisions that affect their daily lives? (high, medium, or low) • To what extent do the faculty have a clear shared sense of purpose, collaborate, and share collective responsibility in the school?

Questions for Charter School Teachers

General Interest	Questions
Mission	• What distinguishes this school from others? [How would you describe it to a friend interested in sending their child to the school?]
	• What are the school's biggest goals met/unmet?
Internal Accountability	• How did you get here? Is the school what you expected?
	• What role do parents, students, and board members play in the running of this school? [asked separately]
	• How do you know what to teach? How much of your curriculum is dictated by your school design, especially if managed by a private company?
External Accountability	• How do the state standards influence what you teach?
	• What is your relationship with your authorizing agency?
	• Who and how often do you see representatives from your authorizing agency?
	• Has the school changed its practices as a result of feedback from the state?
	• How do you think your authorizer would define "success?" How do you know when you are successful?
	• Are you pursuing accreditation? What are the costs and benefits?
Organizational Capacity	• How is your work supported by professional development?
	• Is that professional development focused and sustained on the school's goals? [Examples?]
	• What role do you have in shaping school policy? What is your actual influence on curriculum, instruction, student assessment, and staff development?
	• To what extent do teachers work together on high quality decisions that affect their daily lives? (high, medium, or low)
	• To what extent do the faculty have a clear shared sense of purpose, collaborate, and share collective responsibility in the school?

Questions for Charter School Parents

General Interest	Questions
Mission	• What distinguishes this school from others? [How would you describe it to a friend interested in sending their child to the school?]
	• What are the school's biggest goals met/unmet?
Internal Accountability	• Why did you select this school? Is the school what you expected?
	• What role do parents play in the running of this school? Examples of policies that parents have created or influenced?
	• How is your child doing here?
	• How is the school doing generally? How do you know?
External Accountability	• How aware are you of state perceptions regarding the school's performance? Have you seen any written documentation from the state?
	• The school is up for renewal this year, what is the major argument for the renewal of this school's charter? What evidence do you think will be most important to the state?
	• Are there any other influences, aside from the school's authorizer, that you believe has an influence on how the school functions?

Questions for Charter School Students

General Interest	Questions
Mission	• What distinguishes this school from others? [How would you describe it to a friend interested in applying to this school?]
Internal Accountability	• Why did you select this school? Is the school what you expected? • What does a typical day look like for you? • Where did you go before and how is this school the same or different from your previous school? • What role do students play in the running of this school? Examples of policies that students have created or influenced? • How are you doing here? • Can you describe the most interesting assignment or project you have done this year? [Preferably, they would bring the work with them.] • Why did you choose this piece? • How do you get feedback on your work? • How is the school doing generally? How do you know?
External Accountability	• How does the general public see your school? • The school is up for renewal this year, what is the major argument for the renewal of this school's charter? What evidence do you think will be most important to the state?

Questions for Charter School Governing Board

General Interest	Questions
Mission	• What distinguishes this school from others? [How would you describe it to a friend interested in sending their child to the school?] • What are the school's biggest goals met/unmet?
Internal Accountability	• Who is on the board? How were you selected? Why did you choose to take on this responsibility? • How are decisions made at this school? [academic, programmatic, and fiscal] Has this process evolved over time? [e.g. survival mode to strategic planning?] • What role do parents and faculty play in making decisions at the school? [Examples] • What are the roles and responsibilities of the Board [and possibly management company] in relation to the director? Who makes hiring/firing decisions relative to teachers? Do you need to sign off on the budget? • Do you evaluate the director's performance? On what basis? Can you fire her/him? • Please describe a difficult decision that you've made recently?
External Accountability	• How do parents know what their children are learning? [Does your school provide annual reports and / or comparisons to district performance?] • What is your relationship with your authorizing agency? Who and how often do you see representatives from your authorizing agency? • What type of communication have you had with your authorizer?

	• [If they have received a letter or evaluative report] -- What did you think of it? Was it helpful? What was your response? • How do you think your authorizer would define "success?" How do you define success? [Why should your charter be renewed?] • What other forces, if any, influence how the school develops its policies? [community, donor, management company, accrediting agency, district, other government agencies, e.g. Special Education, state auditor]
Organizational Capacity	• Roughly, what percentage of your budget is spent on professional development? • How does that professional development focus on the school's goals? [Examples?] • What role do teachers play in shaping school policy? What is their actual influence on curriculum, instruction, student assessment, and staff development? • To what extent do the faculty have a clear shared sense of purpose, collaborate, and share collective responsibility in the school?

Charter School Profiles

Overview

I had six schools in my sample, three from Texas and three from Massachusetts. Each set of schools included a high, medium, and low performing school per state.

These schools were selected based on their relative performance on state tests. Because most charter schools in both states were not performing exceptionally well or exceptionally poorly, this is not a representative sample. Further, to reduce my travel costs, once I found a school that was willing to participate in the study, I tried to engage at least one other school in that area.

I chose the schools based on the following criteria:

1 *All the schools were new start-ups.* (as opposed to private or public conversions): I chose start-ups since they were the predominant group among charters nationally (65%) (USDOE, 2000), and because this group of schools reported higher levels of autonomy than public school conversions (Celio, 2000).

2 *All the schools were in operation for four years or more.* This was important for three reasons: 1) these school leaders participated in the USDOE charter school leader survey (USDOE 2000), an important context for my case studies; 2) the schools had time to build a record of performance, e.g., at least three years of test data and progress reports to review; and 3) these schools were going through the charter renewal process around the time of my visits, a critical test for state accountability policies.

3 *The schools represented a range of performance.* Viscusi and Zechauser (1979) assert that a policy's strength is dependent on its ability to respond to schools with different performance levels, and Fuhrman (1999) points out that most of the attention of accountability systems is focused on the low-performing schools. Therefore, I chose a high-, low-, and medium-performing charter school based on state test scores in the 1997-98 academic year. For the purposes of this study, the high-performing charter school in Texas was labeled "TX-A," the medium-performing school was labeled "TX-B," and the low-performing school was labeled "TX-C". The three Massachusetts schools were labeled in a similar manner (MA-A, MA-B, and MA-C).

4 *The schools were state-sponsored (as opposed to district- or university-sponsored).* This is because state-sponsored charter school leaders reported higher levels of autonomy than district-sponsored charters (Hill et al., 1999) and because policy information was more accessible through the state than other authorizing options such as district- or university-sponsored charters.[i]

To tighten my focus, all site visits included interviews with English Language Arts teachers in the fourth and/or eighth grade (subject areas and grade levels that are tested in Massachusetts and Texas).

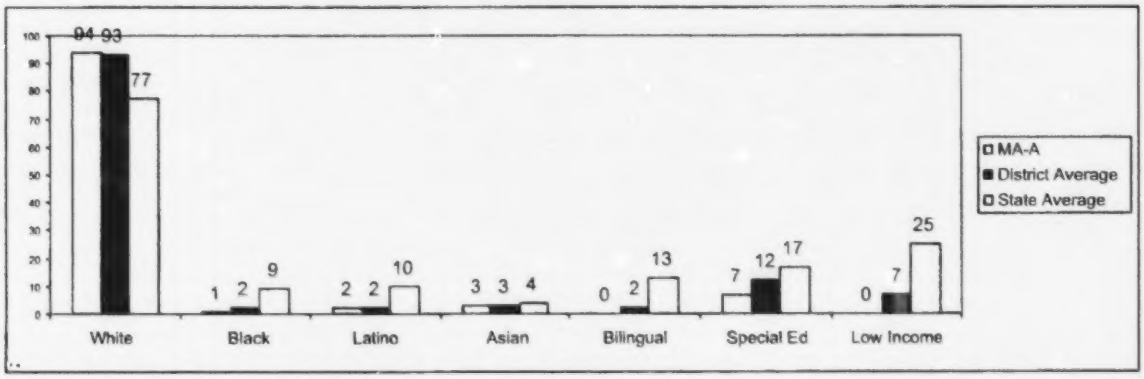
The profiles include basic descriptive information on each of the schools, i.e., enrollment size and location. Each of the profiles also summarize the demographic information, spending patterns, and relative state test score performance for each school. For the sake of simplicity, I have included test score data for a single grade in the charter school relative to its surrounding district and the state.

MA-A

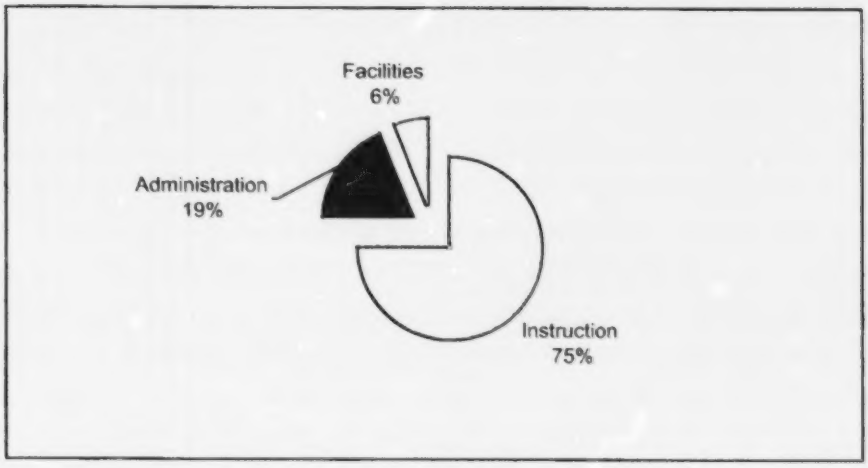
Opened: 1995
Location: Suburban
Grades Served (1999-2000): 7-12
Enrollment (1999-2000): 346
Facility: Former government facility
Management Contract: Self-Managed
Average Years of Teaching Experience: 6.2 years
Rating: Not applicable

Description: The school is based on a nationally recognized progressive curriculum.

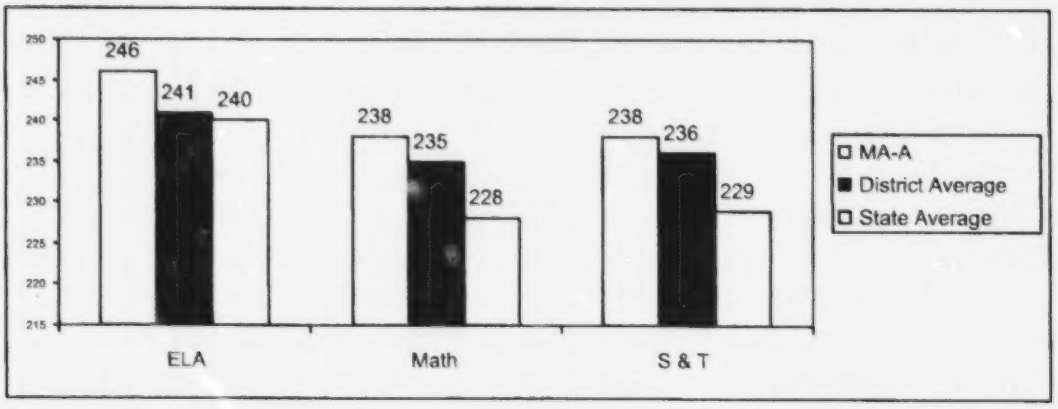
MA-A Student Demographics. This graph represents the percentages of students across the various student categories. The left column represents the charter school, the middle column represents the district average, and the right column represents the state average.



MA-A Budget Allocation



MA-A Grade 8 MCAS Scores. This graph summarizes the scale scores of 8th grade students in the charter school, home district and the state.



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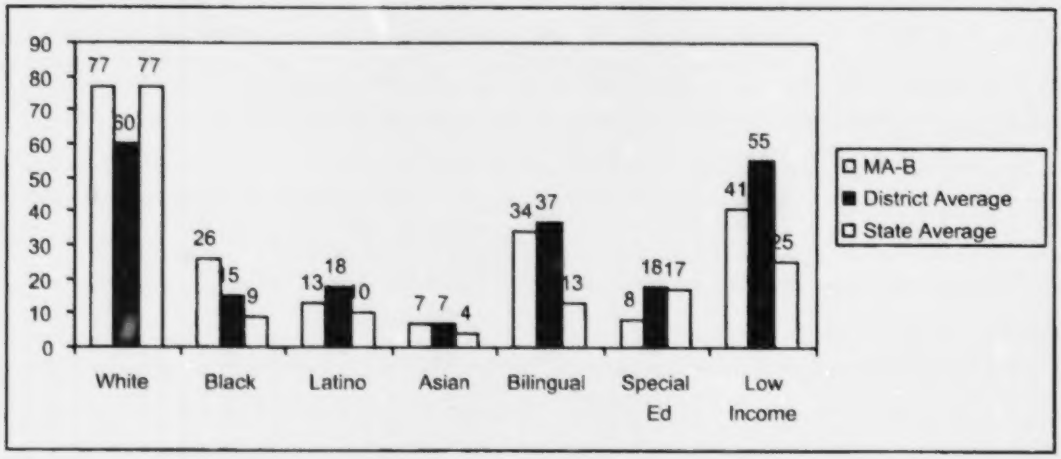
MA-B

Opened: 1995
Location: Urban
Grades Served (1999-2000): K-11
Enrollment (1999-2000): 688
Facility: Leased parochial school
Management Contract: EMO
Average Years of Teaching Experience: 9 years
Rating: Not applicable

Description: The school is based on an EMO-developed college preparatory curriculum.

MA-B Student Demographics. This graph represents the percentages of students across the various student categories. The left column represents the charter school, the middle column represents the district average, and the right column represents the state average.



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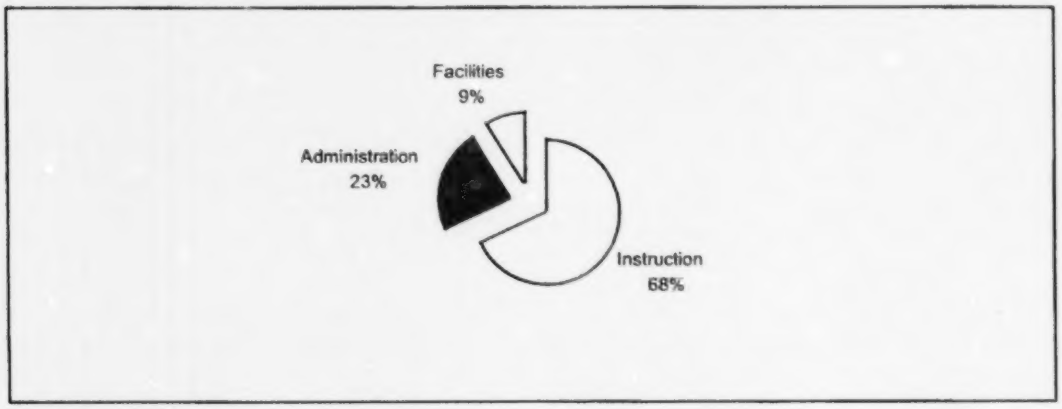
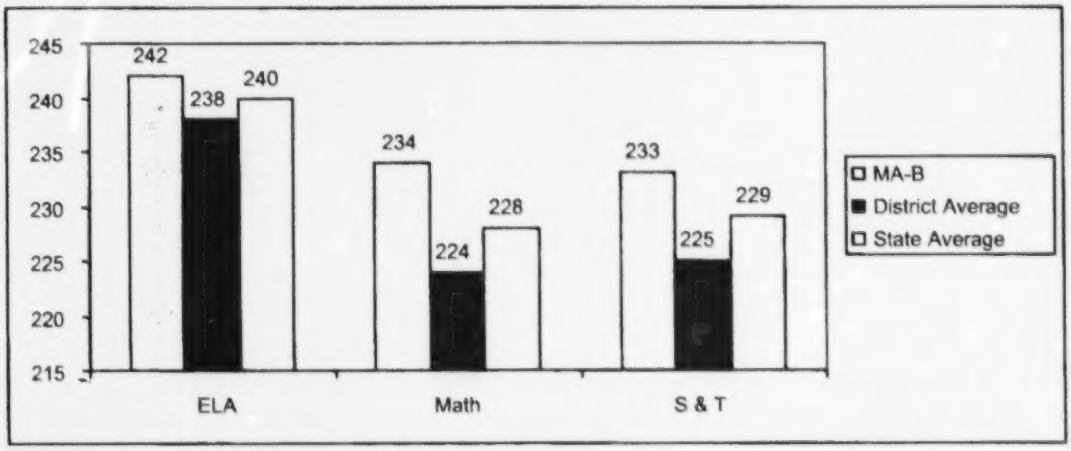
MA-B Budget Allocation



MA-B Grade 8 MCAS Scores. This graph summarizes the scale scores of 8th grade students in the charter school, home district and the state.



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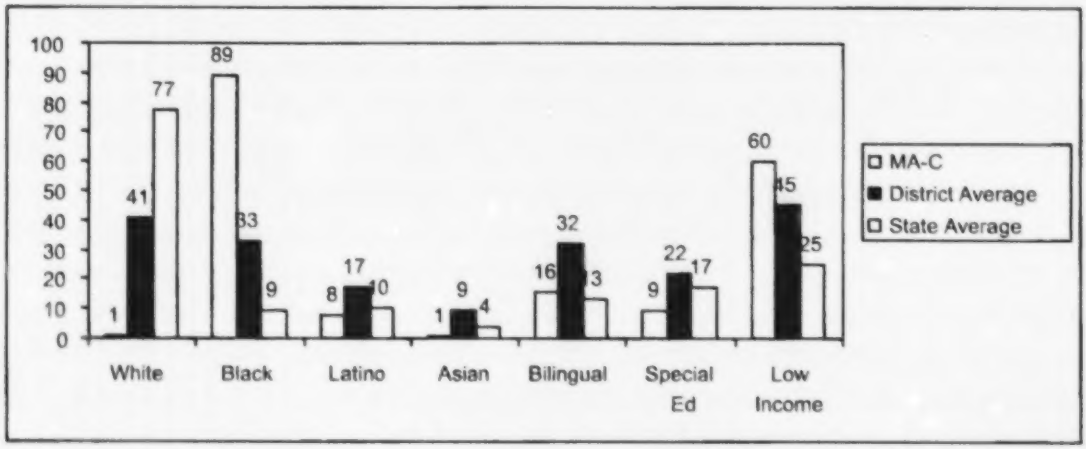
MA-C

Opened: 1996
Location: Urban
Grades Served (1999-2000): K-8
Enrollment (1999-2000): 312
Facility: Leased parochial school
Management Contract: Self-managed
Average Years of Teaching Experience: 4 years
Rating: Not applicable

Description: The school is based on an EMO-developed college preparatory curriculum.

MA-C Student Demographics. This graph represents the percentages of students across the various student categories. The left column represents the charter school, the middle column represents the district average, and the right column represents the state average.



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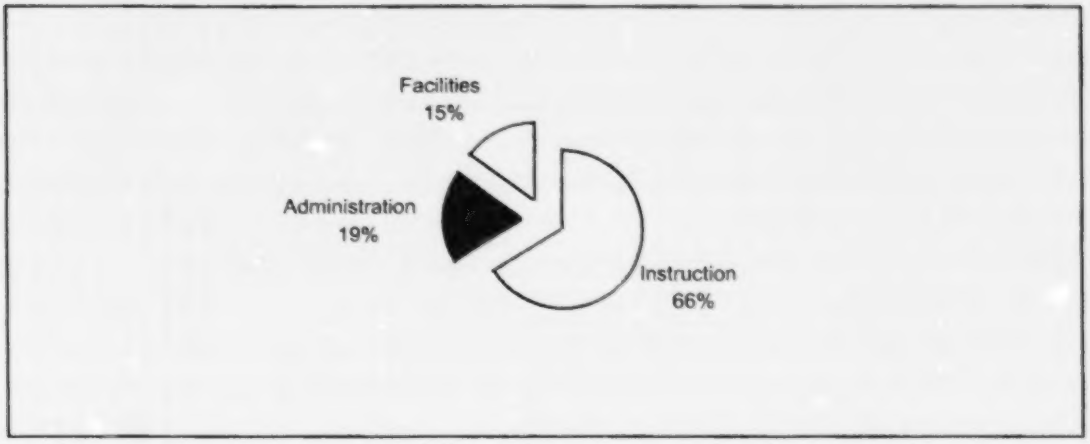
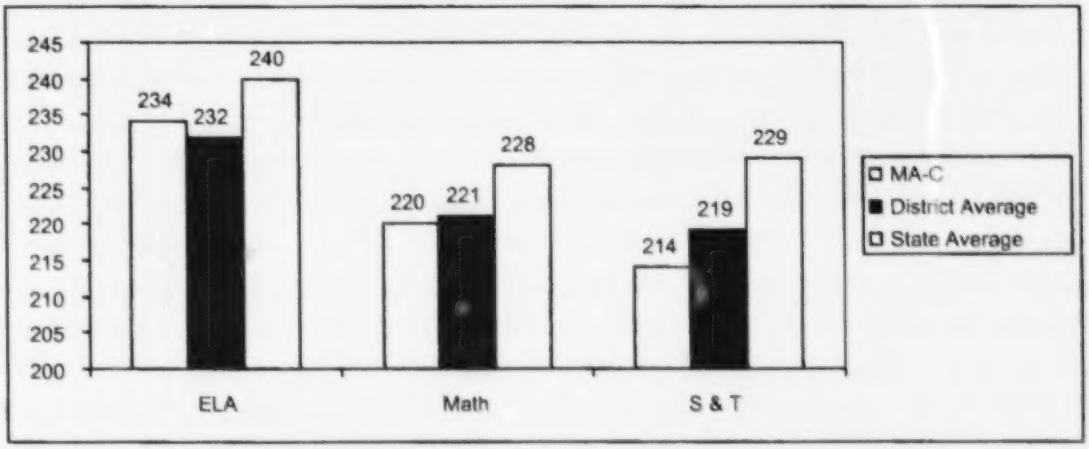
MA-C Budget Allocation



MA-C Grade 8 MCAS Scores. This graph summarizes the scale scores of 8th grade students in the charter school, home district and the state.



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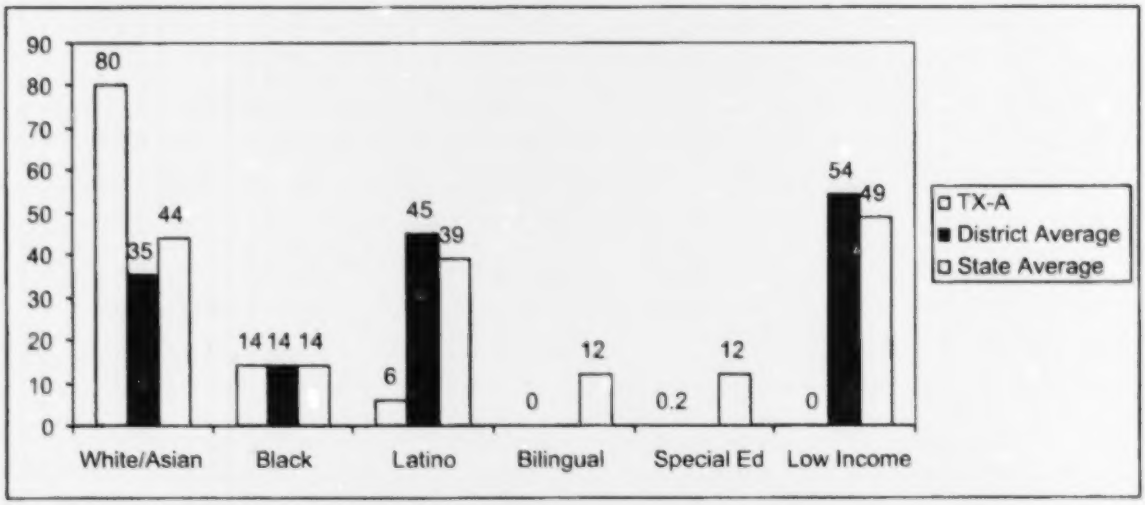
TX-A

Opened: 1996
Location: Suburban
Grades Served (1999-2000): 6-10
Enrollment (1999-2000): 409
Facility: Two campuses: a leased parochial school and a former horse ranch
Management Contract: Self-managed
Average Years of Teaching Experience: 4 years
Rating: Recognized

Description: TX-A is a "college preparatory" school with a curricular focus based on the International Baccalaureate.

TX-A Student Demographics (2000). This graph summarizes the percentage of students in each demographic grouping. The relative percentages of the charter school, its home district and the state are presented from left to right in each set of columns.



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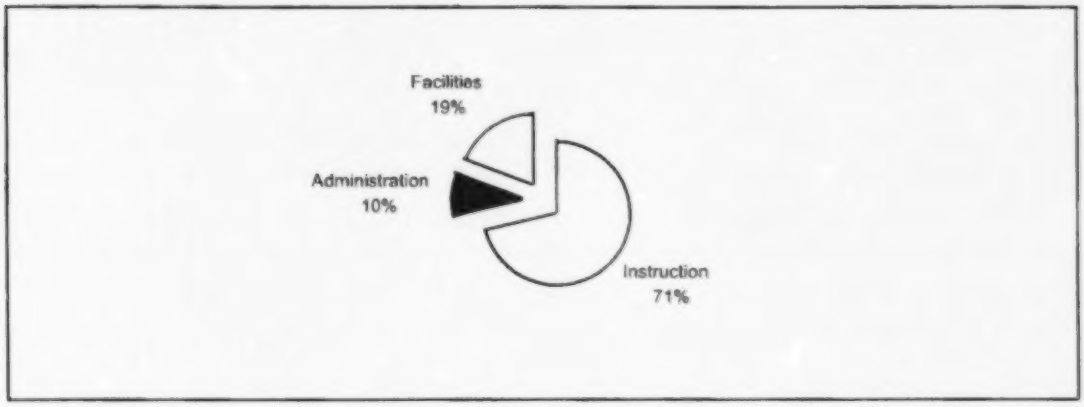
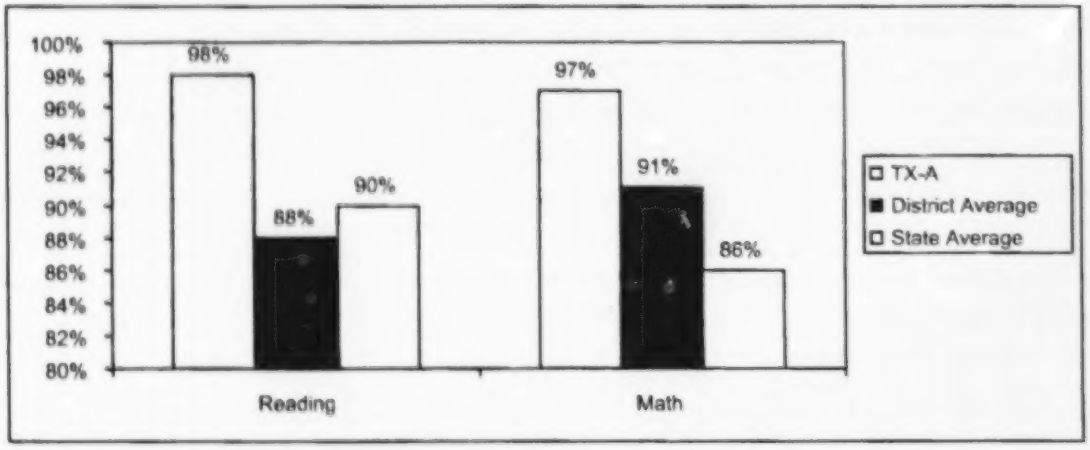
TX-A Budget Allocation (2000)



TX-A Grade 8 TAAS Scores (2000). This graph summarizes the percentage of 8th grade students in the charter school, home district and the state, that have passed the minimum score or higher.



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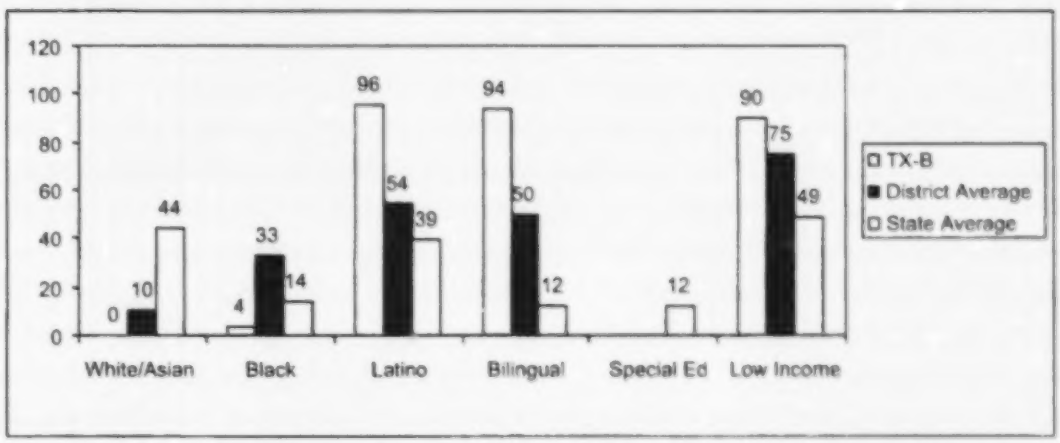
TX-B

Opened: 1996
Location: Urban
Grades Served (1999-2000): PreK-5
Enrollment (1999-2000): 258
Facility: Single-story office space.
Management Contract: Self-managed
Average Years of Teaching Experience: 1.1 years
Rating: Acceptable

Description: The curricular focus of this school is to improve literacy. The school is predominantly made up of Latin American and Central American immigrants.

TX-B Student Demographics. This graph summarizes the percentage of students in each demographic grouping. The relative percentages of the charter school, its



home district and the state are presented from left to right in each set of columns.

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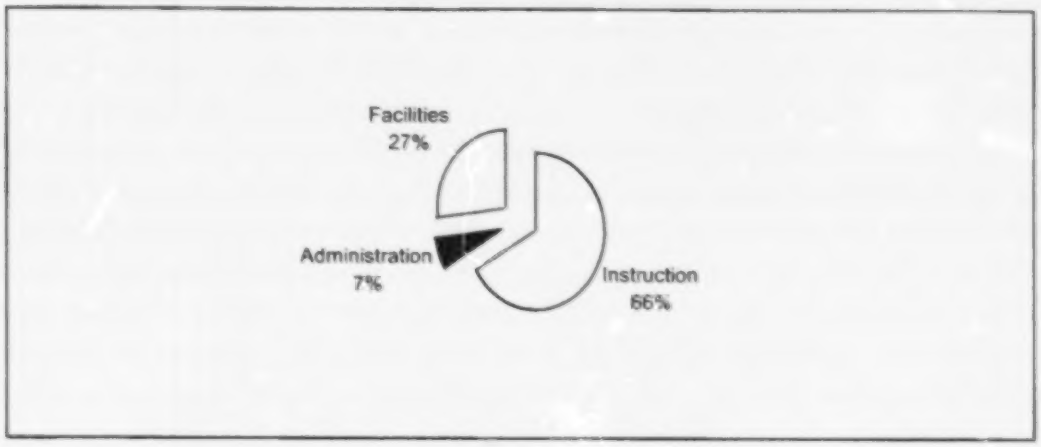
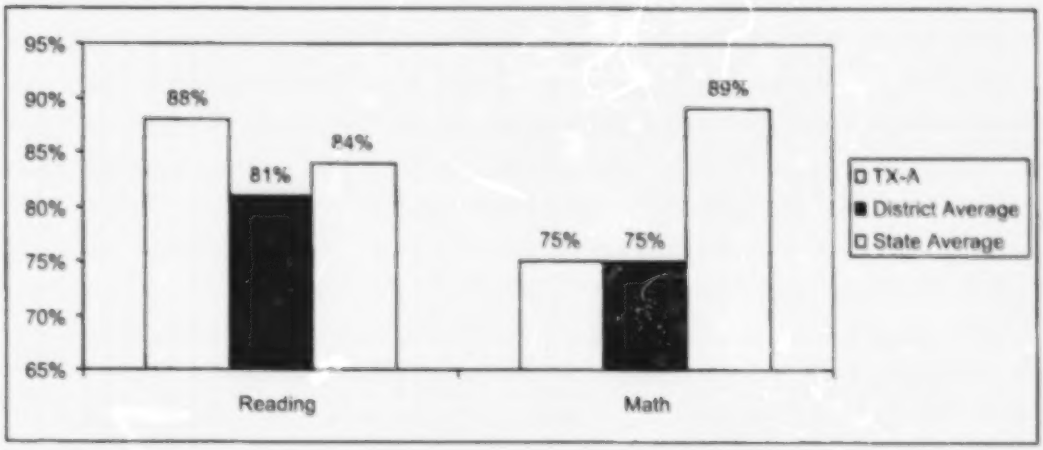
TX-B Budget Allocation



TX-B Grade 4 TAAS Scores (2000). This graph summarizes the percentage of 4th grade students in the charter school, home district and the state, that have passed the minimum score or higher.



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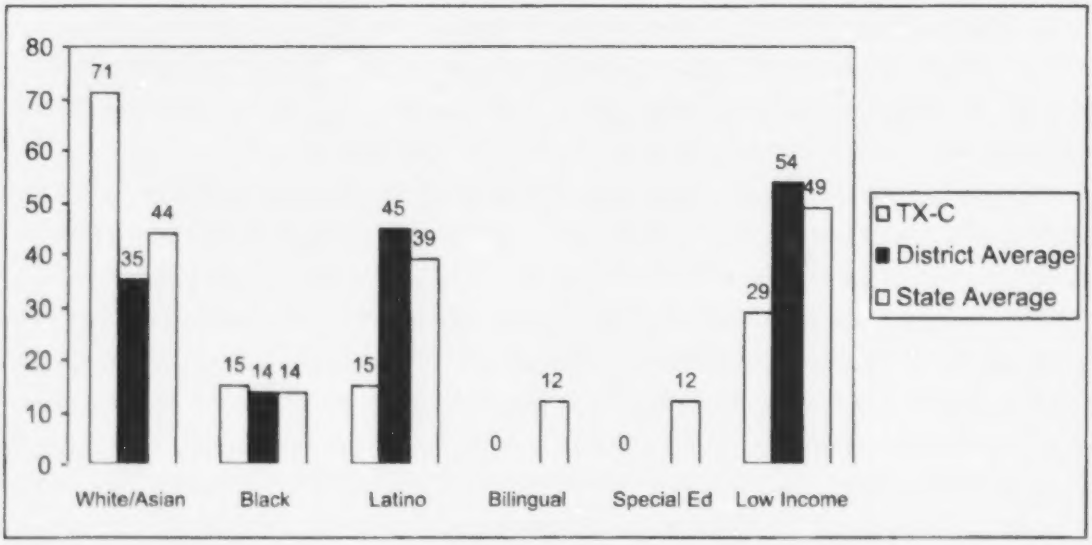
TX-C

Opened: 1996
Location: Suburban
Grades Served (1999-2000): 5-12
Enrollment (1999-2000): 556
Facility: The school was split across two campuses and both sites were based in former office space.
Management Contract: Self-managed
Average Years of Teaching Experience: 2.1 years
Rating: Low

Description: The curricular focus was unclear, but the literature describes the school as technology-based and experiential. The school was closed in the fall of 2000.

TX-C Student Demographics. This graph summarizes the percentage of students in each demographic grouping. The relative percentages of the charter school, its home district and the state are presented from left to right in each set of columns.



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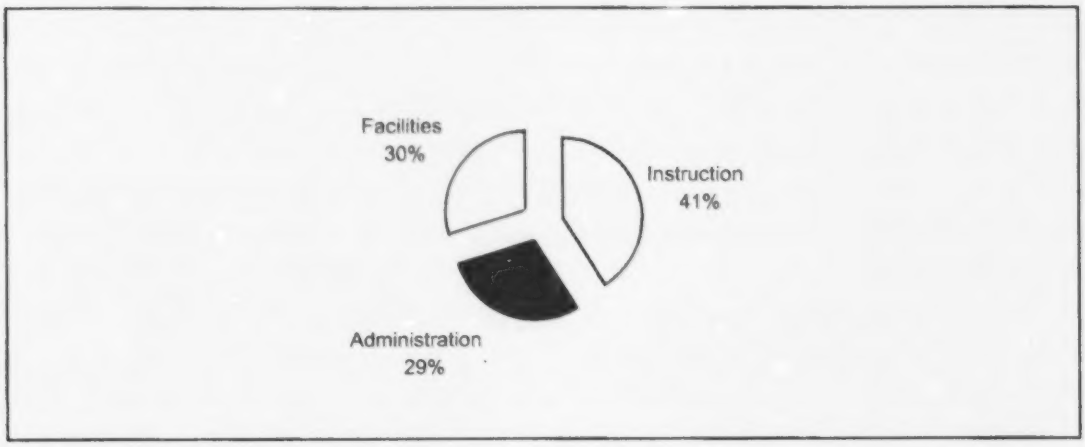
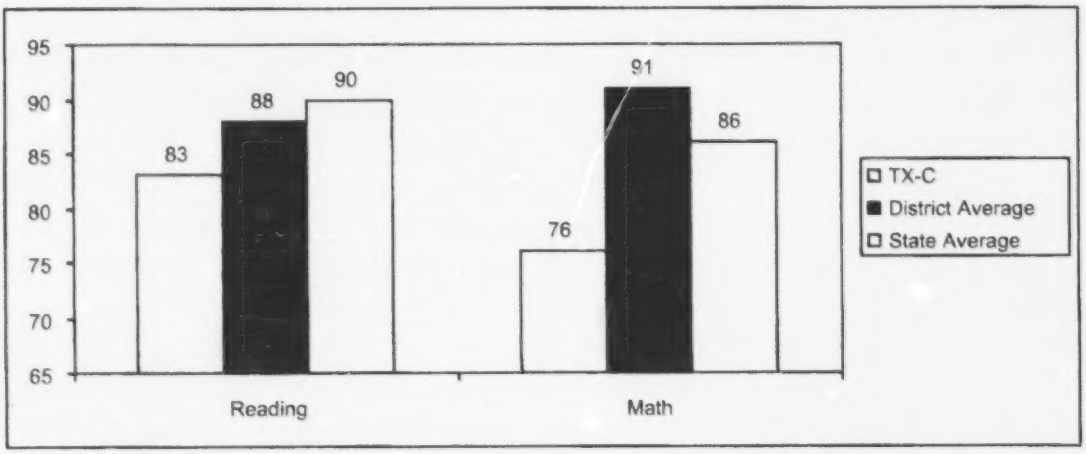
TX-C Budget Allocation



TX-C Grade 8 TAAS Scores. This graph summarizes the percentage of 8th grade students in the charter school, home district and the state, that have passed the minimum score or higher.



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[1] The Center for Education Reform reports that only 5.6 percent of charter schools nationwide are in the 12 states requiring local school boards to approve charter school applications, and within those states there is an average of 9.6 charter schools per state. In contrast, states with multiple chartering authorities or a strong appeals process (e.g., California, Arizona, and Michigan), have an average of 80.8 charters per state. (For more data on the reduced rate of charter granting within districts, also see Wells et al., 1998, and Hill et al, 1999.)

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MEASURING ORGANIZATIONAL CAPACITY

Overview

I built my rubric for measuring organizational capacity from the definition developed by Newmann, Rigdon and King (1997). They define organizational capacity this way:

> The ingredients of organizational capacity should include [1] teachers' professional knowledge and skills, [2] effective leadership, [3] availability of technical and financial resources, and [4] organizational autonomy to act according to the demands of the local context. To the extent that these factors reach high levels within a school, one would expect an increase in a school's capacity to deliver high quality instruction, which in turn, ought to produce high-quality student achievement. (p. 47) [Numbers added]

Newmann, Rigdon and King measured these four components through survey and interview data of 24 restructuring schools. While I did not conduct surveys regarding organizational capacity, I did interview 8 or 9 members of each school community (total of 52 at six schools) using a protocol that incorporated versions of the questions used in the technical appendix of the Newmann et al (1997) study. I also bolstered the purely subjective assessments provided by teachers and administrators with some objective financial analysis. For example, I looked at the school's ability to balance its budget as a measure of the competence of the governing board.

Why Organizational Capacity versus Test Scores? The point in focusing on organizational capacity rather than test scores is that test scores do not provide a full picture of what is happening in a school. My interest is in the types of interventions that lead to long-term, sustainable improvements (not short term bumps in test scores) and I believe that such gains are built on a foundation of effective leadership, well-trained staff, sufficient resources, and a coherent mission. To understand these things, it is necessary too get inside schools.

The following is divided into four parts. First, I provide my scoring rubric. Second, I provide an example of how I scored a school. Third, I describe the scoring process. Fourth, I summarize my assumptions for each of the criteria. The summary scores for all schools are provided in Table 6C.

Organizational Capacity Rubric

Criteria 1. Teacher Professional Knowledge and Skills

Components	1= poor	2= average	3=strong	Score	Sources of Evidence
Average years of experience	Teachers had less than 3 years average experience	Teachers had approximately three to five years average experience	Teachers had more than five years average experience.		♦ Site visit reports ♦ School-reported data on teacher experience. ♦ School budgets and annual reports
Teacher turnover	Teacher turnover rate exceeds 40% per year	Teacher turn-over rate is 25-40% per year	Teacher turnover rate is less than 25% per year.		
Subject area competence	Unclear or less than half teachers have subject area competence	At least 50% of teachers have subject area competence	At least 75% of teachers have subject area competence		
Dedicated amount and use of professional development dollars	Under 1% of the budget is dedicated to professional development and its use is not aligned with the school's mission	1-3% of the budget is dedicated to professional development and its use is not aligned with the school's mission	More than 3% of the school's budget is dedicated to professional development and its use is aligned to the mission		
Composite Score					

Criteria 2. Effective Leadership

Components	1= poor	2= average	3= strong	Score	Sources of Evidence
Consistent leader	More than 4 principals in five years	2-4 principals in five years	One or two principals in five years		♦ Annual reports ♦ Financial audits ♦ On-site interviews ♦ Site visit reports
Board is stable and has clear roles and responsibilities	♦ Unplanned Board turnover has been high (75% or higher over 5 years)[1] ♦ Roles and responsibilities of the governing board are <u>not</u> clear	♦ Unplanned Board turnover has been moderate (50% turnover over 5 years) ♦ Roles and responsibilities of the governing board are somewhat clear	♦ Unplanned Board turnover has been minimal ♦ Roles and responsibilities of the governing board are clear		
Leadership demonstrates an ability to address short and long term goals	School leadership has *not been* effective in meeting its short and long-term goals.	School leadership has *generally* been effective in meeting its short and long-term goals.	School leadership has *consistently* been effective in meeting its short and long-term goals.		
Appropriate use of finances	Budgets in severe deficit and less than a 2:1 ratio between instruction and administration spending.	Budgets balanced or in slight deficit and about a 2:1 ratio between instruction and administration spending.	Budgets balanced or a surplus and closer to a 3:1 ratio or better between instruction and administration spending.		
Balanced budgets and clean audits	Budgets are not balanced, the school has a considerable annual deficit, and/or independent auditors report findings of fiscal mismanagement.	Budgets are generally balanced from year-to-year and there are few, if any, audited findings.	Budgets are balanced and the school has accrued a surplus. No audited findings.		
Composite Score					

[1] This turnover rate relates to member changes that are not related to the planned turnover associated with the term limits established in a board's by-laws.

Criteria 3. Fiscal and Curricular Autonomy

Components	1= poor	2= average	3= strong	Score	Sources of Evidence
Fiscal Autonomy	Principals have limited control of their fiscal and human resource decisions [less than 80%]	Principals have substantial control over their fiscal and human resource decisions [approximately 80%]	Principals have complete control over their fiscal and human resource decisions [100%]		♦ Respective charter school statutes in Massachusetts and Texas ♦ Charter contracts with EMOs ♦ Site visit reports ♦ On-site interviews
Curricular Autonomy	Teachers indicate that they do not have any control over their curriculum	Teachers indicate that they have some control over their curriculum	Teachers indicate that they have a great deal of control over their curriculum		
Composite Score					

Criteria 4. Coherence of Mission

Components	1= poor	2= average	3= strong	Score	Sources of Evidence
Clearly written statement	Mission is clearly stated in written materials (e.g., annual reports and charter)	Mission is somewhat clear in written materials (e.g., annual reports and charter)	Mission is clear in written materials (e.g., annual reports and charter)		♦ Charter application ♦ Charter school brochures and literature ♦ Annual reports ♦ Site visit reports ♦ On-site interviews
Common understanding	There is not a common understanding of the mission across all constituents of the school.	There is a common understanding of the mission across most constituent groups of the school.	There is a common understanding of the mission across constituent groups of the school.		
Composite Score					

Example of Scoring

MA-A

Component	Overall Score	Comments
Teacher's Knowledge and Skills	2	The site visit reports cited strong teacher content knowledge. However, while the teachers at this school were "well-degreed," they were predominantly new teachers and had turnover rates of 50% in some subject-area concentrations. Further, the school spent less than 1% on professional development and my interviews suggested that the use of those dollars was not coordinated in alignment with the school's mission.
Effective Leadership	1.5	This school has had a fairly consistent board, but the administrative structure and the administrators themselves have changed at least four times in the schools first five years. The instruction: administration spending ratio was about 2:1 (57%:24%). The budgets have been balanced and the school has been reasonably successful at raising private funds (e.g.., 11% versus charter school average of 7% in 1996).
Fiscal and Curricular Autonomy	3	School has full control of its resources and the teachers have been developing new curriculum every year for the first years. Social studies teachers were concerned about losing some curricular control if they had to adhere to the state's standards.
Coherence of Mission	3	MA-A's mission follows the Coalition of Essential Schools principles, so the written materials are consistent. Further, parents, administrators, teachers, and students all seemed to have a clear understanding of that mission.
TOTAL	9.5	

Scoring the Rubric

When scoring each school on a given component (e.g., teacher knowledge and skills), I looked across the rows of each dimension and ranked the school from "1" (poor) to "3" (strong) (see Criterion 1). I then looked down the score column and developed a single holistic or overall score for each criterion.[2] For example, while the component of "teacher knowledge and skills" has four dimensions, the overall score does not represent an average of the four dimensions. The composite score represent a subjective synthesis of the scoring relative to all of the dimensions because not all of the dimensions carry the same weight, i.e., some are more important than others. For example, while MA-A scored a 1 in terms of teacher turnover and its use of professional development funds, it scored a 3 in terms of its teachers' subject area knowledge and a 2 in terms of its teachers experience levels. Based on these scores, I gave MA-A a composite score of 2 on its teachers' knowledge and skills. These are coarse and subjective judgements about each school. They represent my best judgement based on the often times incomplete data and are meant for analysis purposes only and are not meant to offer a summative evaluation of a given school.

Assumptions

Teachers' professional knowledge and skills is based on four dimensions.

- *Average experience of teachers.* My assumption is that teachers with less than three years teaching experience are less skilled on average than a teacher with five years of experience. Obviously, good young teachers have been successfully staffing independent schools for decades, but a base level of experience even if it is simply in terms of classroom management would seem to be important.
- *Teacher turnover.* I assume that lower teacher turnover will lead to increased organizational capacity in a school. Teacher turnover rates in charter schools are generally fairly high (University of Texas, Part II, 2000), but to build the internal norms and expectations that Abelmann and Elmore (1998) describe, it takes time working as a team.
- *Subject area knowledge*[3]. There has been considerable concern about teachers teaching out of their subject-area training. Therefore, where possible, I tried to capture the relative subject area competence of the core teaching staff at each school. Since there are no common measures of subject-area competence, this is a subjective judgement based on my small sample of interviews and site visit reports.
- *Amount and use of professional development dollars.* I assumed 2% as an "average" professional development allocation based on the standard set in Massachusetts.[4] Through site visit reports and my interviews, I attempted to discern whether those PD resources were used in a systematic way to address the needs of teachers.

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[2] While these scores were inherently subjective and thus run the risk of being challenged in terms of their validity, since I conducted all the work myself the scores should be consistent or reliable.

[3] Teacher certification was not included in this dimension because it is not clear that certified teachers are consistently better prepared than non-certified teachers. In fact, some charter schools around the country have successfully relied upon mid-career professionals to provide important contributions to their schools.

[4] Bruce Cooper as reported in Mandell, 1996, found that 1.5% of public school spending.

In sum, I defined a teaching force with strong professional knowledge and skills as one that had teachers with a base level of classroom experience, low turnover, a good understanding of their subject area and strong professional support.

Effective leadership was more difficult to define. As Bolman and Deal (1991) point out, there are not pat formulas to define leadership, it is often "situational." That is, different challenges require different leadership skills. I did not spend enough time in each of the six schools to discern how the principals responded to various situations, so my indicators are more "rational-technical" in nature, i.e., I assume that the organizational head in conjunction with her board assumes the bulk of the leadership responsibilities. However, I did try and document where I saw evidence of "distributive leadership" structures (i.e., where the leadership responsibilities were distributed among several staff in a more collective approach). I examine five dimensions.

- *Principal turnover rate.* I assume that schools with higher principal turnover rates had less organizational capacity than those with less turnover. Certainly, some transitions are appropriate and healthy for organizations, e.g., some leaders are better at starting schools than institutionalizing them. However, I argue that starting over every year with a new principal is not conducive to building common expectations.
- *Roles and responsibilities of governing boards.* I assume governing boards that are more stable and have clearer roles and responsibilities will generally have a greater chance of enhancing a school's capacity than boards that do not share these qualities. As Hill et al (1999) point out, governing boards represent an important accountability relationship. If the role of the board is unclear or shifting, it may work to erode the common efforts of a school.
- *Vision and success of the school leader.* Given the relative isolation of charter schools, I assume that the vision and leadership of a given leader are important to a school's success. Through interviews and site visit reports I attempt to gauge whether an administration is responsive to staff and not only setting, but delivering on, a vision for a school.
- *Balanced budgets.* Arguably the most important job of a governing board is to insure that resources are spent wisely. To capture this, I assumed that a strong board would not only insure that the school met its expenses, but perhaps save in the form of a surplus. This is important to charter schools because, as explained in the text, most are struggling with facility financing and saving funds from year to year may help alleviate this problem.
- *Instruction to administration ratio.* I examine the instruction to administration spending ratio and set the average as 2:1 because Massachusetts charter schools had a ratio of a little more than 2 to 1 in 1996 (Herdman and Millot, 2000). The intent with this measure is to gauge how well the leadership team is allocating its resources.

In sum, I defined a school with "effective leadership" as one that had a stable leadership structure, a board with clear roles and responsibilities, the ability to implement its vision, and could use its resources wisely.

Curricular and fiscal autonomy was easier to define. I examined just two dimensions in this component.

- *Percentage control over school-level resources.* I assumed that full control of human and fiscal resources at the school level was the goal of a decentralized system. This was generally established in the respective state laws, but for EMO-managed schools, any loss of school-level control was taken into account.
- *Curricular control.* I assumed that more school-level control of the curriculum was better than less as long as it was in compliance with the overarching state standards.

In sum, I assumed a school that statutory control of its resources and curricular control within its school was a school with high levels of fiscal and curricular control.

Coherence of mission was measured in two dimensions.

- *Clarity of mission in written materials.* I assumed that a clear mission was fundamental for the success of charter schools. Therefore, I examined whether the mission was clear and consistent throughout the school's literature.
- *Consistency of mission.* I assumed that if the janitor to the board chair knew the mission of a given school that the mission was at the very least being communicated well.

In sum, I assumed that a school that with a clearly articulated mission would be able to present that in its written materials and most parties affiliated with the school would understand and support that mission.

MEASURING ORGANIZATIONAL CAPACITY

Overview

I built my rubric for measuring organizational capacity from the definition developed by Newmann, Rigdon and King (1997). They define organizational capacity this way:

> The ingredients of organizational capacity should include [1] teachers' professional knowledge and skills, [2] effective leadership, [3] availability of technical and financial resources, and [4] organizational autonomy to act according to the demands of the local context. To the extent that these factors reach high levels within a school, one would expect an increase in a school's capacity to deliver high quality instruction, which in turn, ought to produce high-quality student achievement. (p. 47) [Numbers added]

Newmann, Rigdon and King measured these four components through survey and interview data of 24 restructuring schools. While I did not conduct surveys regarding organizational capacity, I did interview 8 or 9 members of each school community (total of 52 at six schools) using a protocol that incorporated versions of the questions used in the technical appendix of the Newmann et al (1997) study. I also bolstered the purely subjective assessments provided by teachers and administrators with some objective financial analysis. For example, I looked at the school's ability to balance its budget as a measure of the competence of the governing board.

Why Organizational Capacity versus Test Scores? The point in focusing on organizational capacity rather than test scores is that test scores do not provide a full picture of what is happening in a school. My interest is in the types of interventions that lead to long-term, sustainable improvements (not short term bumps in test scores) and I believe that such gains are built on a foundation of effective leadership, well-trained staff, sufficient resources, and a coherent mission. To understand these things, it is necessary too get inside schools.

The following is divided into four parts. First, I provide my scoring rubric. Second, I provide an example of how I scored a school. Third, I describe the scoring process. Fourth, I summarize my assumptions for each of the criteria. The summary scores for all schools are provided in Table 6C.

Organizational Capacity Rubric

Criteria 1. Teacher Professional Knowledge and Skills

Components	1= poor	2= average	3=strong	Score	Sources of Evidence
Average years of experience	Teachers had less than 3 years average experience	Teachers had approximately three to five years average experience	Teachers had more than five years average experience.		• Site visit reports • School-reported data on teacher experience. • School budgets and annual reports
Teacher turnover	Teacher turnover rate exceeds 40% per year	Teacher turn-over rate is 25-40% per year	Teacher turnover rate is less than 25% per year.		
Subject area competence	Unclear or less than half teachers have subject area competence	At least 50% of teachers have subject area competence	At least 75% of teachers have subject area competence		
Dedicated amount and use of professional development dollars	Under 1% of the budget is dedicated to professional development and its use is not aligned with the school's mission	1-3% of the budget is dedicated to professional development and its use is not aligned with the school's mission	More than 3% of the school's budget is dedicated to professional development and its use is aligned to the mission		
Composite Score					

Criteria 2. Effective Leadership

Components	1= poor	2= average	3= strong	Score	Sources of Evidence
Consistent leader	More than 4 principals in five years	2-4 principals in five years	One or two principals in five years		• Annual reports • Financial audits • On-site interviews • Site visit reports
Board is stable and has clear roles and responsibilities	• Unplanned Board turnover has been high (75% or higher over 5 years)[1] • Roles and responsibilities of the governing board are <u>not</u> clear	• Unplanned Board turnover has been moderate (50% turnover over 5 years) • Roles and responsibilities of the governing board are somewhat clear	• Unplanned Board turnover has been minimal • Roles and responsibilities of the governing board are clear		
Leadership demonstrates an ability to address short and long term goals	School leadership has *not been* effective in meeting its short and long-term goals.	School leadership has *generally* been effective in meeting its short and long-term goals.	School leadership has *consistently* been effective in meeting its short and long-term goals.		
Appropriate use of finances	Budgets in severe deficit and less than a 2:1 ratio between instruction and administration spending.	Budgets balanced or in slight deficit and about a 2:1 ratio between instruction and administration spending.	Budgets balanced or a surplus and closer to a 3:1 ratio or better between instruction and administration spending.		
Balanced budgets and clean audits	Budgets are not balanced, the school has a considerable annual deficit, and/or independent auditors report findings of fiscal mismanagement.	Budgets are generally balanced from year-to-year and there are few, if any, audited findings.	Budgets are balanced and the school has accrued a surplus. No audited findings.		
Composite Score					

[1] This turnover rate relates to member changes that are not related to the planned turnover associated with the term limits established in a board's by-laws.

Criteria 3. Fiscal and Curricular Autonomy

Components	1= poor	2= average	3= strong	Score	Sources of Evidence
Fiscal Autonomy	Principals have limited control of their fiscal and human resource decisions [less than 80%]	Principals have substantial control over their fiscal and human resource decisions [approximately 80%]	Principals have complete control over their fiscal and human resource decisions [100%]		♦ Respective charter school statutes in Massachusetts and Texas ♦ Charter contracts with EMOs ♦ Site visit reports ♦ On-site interviews
Curricular Autonomy	Teachers indicate that they do not have any control over their curriculum	Teachers indicate that they have some control over their curriculum	Teachers indicate that they have a great deal of control over their curriculum		
Composite Score					

Criteria 4. Coherence of Mission

Components	1= poor	2= average	3= strong	Score	Sources of Evidence
Clearly written statement	Mission is clearly stated in written materials (e.g., annual reports and charter)	Mission is somewhat clear in written materials (e.g., annual reports and charter)	Mission is clear in written materials (e.g., annual reports and charter)		♦ Charter application ♦ Charter school brochures and literature ♦ Annual reports ♦ Site visit reports ♦ On-site interviews
Common understanding	There is not a common understanding of the mission across all constituents of the school.	There is a common understanding of the mission across most constituent groups of the school.	There is a common understanding of the mission across constituent groups of the school.		
Composite Score					

Example of Scoring

MA-A

Component	Overall Score	Comments
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TOTAL	9.5	

Scoring the Rubric

When scoring each school on a given component (e.g., teacher knowledge and skills), I looked across the rows of each dimension and ranked the school from "1" (poor) to "3" (strong) (see Criterion 1). I then looked down the score column and developed a single holistic or overall score for each criterion.[2] For example, while the component of "teacher knowledge and skills" has four dimensions, the overall score does not represent an average of the four dimensions. The composite score represent a subjective synthesis of the scoring relative to all of the dimensions because not all of the dimensions carry the same weight, i.e., some are more important than others. For example, while MA-A scored a 1 in terms of teacher turnover and its use of professional development funds, it scored a 3 in terms of its teachers' subject area knowledge and a 2 in terms of its teachers experience levels. Based on these scores, I gave MA-A a composite score of 2 on its teachers' knowledge and skills. These are coarse and subjective judgements about each school. They represent my best judgement based on the often times incomplete data and are meant for analysis purposes only and are not meant to offer a summative evaluation of a given school.

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[2] While these scores were inherently subjective and thus run the risk of being challenged in terms of their validity, since I conducted all the work myself the scores should be consistent or reliable.

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